

SCHOOL DISTRICT
OF
AVON-BY-THE-SEA

Avon-By-The-Sea Board of Education
Avon-By-The-Sea, New Jersey

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2014

AVON-BY-THE-SEA SCHOOL DISTRICT

TABLE OF CONTENTS

INTRODUCTORY SECTION		Page
Letter of Transmittal		1
Organizational Chart		2
Roster of Officials		3
Consultants and Advisors		4
FINANCIAL SECTION		
Independent Auditor's Report		5 to 6
Required Supplementary Information - Part I		
Management's Discussion and Analysis		7 to 13
Basic Financial Statements		
A.	District-Wide Financial Statements:	
	A-1 Statement of Net Position	14
	A-2 Statement of Activities	15
B.	Fund Financial Statements:	
	Governmental Funds:	
	B-1 Balance Sheet	16
	B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	17
	B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	18
	Proprietary Funds:	
	B-4 Statement of Net Position	19
	B-5 Statement of Revenues, Expenses, and Changes in Fund Net Position	20
	B-6 Statement of Cash Flows	21
	Fiduciary Funds:	
	B-7 Statement of Fiduciary Net Position	22
	B-8 Statement of Changes in Fiduciary Net Position	23
Notes to the Financial Statements		24 to 41
Required Supplementary Information - Part II		
C.	Budgetary Comparison Schedules:	
	C-1 Budgetary Comparison Schedule - General Fund	42 to 46
	C-1a Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	N/A
	C-2 Budgetary Comparison Schedule - Special Revenue Fund	47

Notes to the Required Supplementary Information

C-3	Budget-to-GAAP Reconciliation	48
Other Supplementary Information		
D.	School Level Schedules:	
D-1	Combining Balance Sheet	N/A
D-2	Blended Resource Fund - Schedule of Expenditures Allocated by Resource Type - Actual	N/A
D-3	Blended Resource Fund - Schedule of Blended Expenditures - Budget and Actual	N/A
E.	Special Revenue Fund:	
E-1	Combining Schedule of Revenues and Expenditures Special Revenue Fund - Budgetary Basis	49
E-2	Preschool Education Aid Schedule of Expenditures - Budgetary Basis	N/A
F.	Capital Projects Fund:	
F-1	Summary Schedule of Project Expenditures	50
F-2	Summary Schedule of Revenues and Expenditures	51
F-2a	Schedule(s) of Project Revenues and Expenditures	52
G.	Proprietary Funds:	
Enterprise Fund:		
G-1	Combining Statement of Net Position	N/A
G-2	Combining Statement of Revenues, Expenses and Changes in Fund Net Position	N/A
G-3	Combining Statement of Cash Flows	N/A
Internal Service Fund:		
G-4	Combining Statement of Net Position	N/A
G-5	Combining Statement of Revenues, Expenses, and Changes in Fund Net Position	N/A
G-6	Combining Statement of Cash Flows	N/A
H.	Fiduciary Funds:	
H-1	Combining Statement of Fiduciary Net Position	53
H-2	Combining Statement of Changes in Fiduciary Net Position	54
H-3	Student Activity Agency Fund Schedule of Receipts and Disbursements	N/A
H-4	Payroll Agency Fund Schedule of Receipts and Disbursements	55
I.	Long-Term Debt:	
I-1	Schedule of Serial Bonds	56
I-2	Schedule of Obligations under Capital Leases	N/A
I-3	Debt Service Fund Budgetary Comparison Schedule	57

STATISTICAL SECTION (Unaudited)

Introduction to the Statistical Section

Financial Trends

J-1	Net Position by Component	58
J-2	Changes in Net Position	59 to 60
J-3	Fund Balances - Governmental Funds	61
J-4	Changes in Fund Balances - Governmental Funds	62
J-5	General Fund Other Local Revenue by Source	63

Revenue Capacity

J-6	Assessed Value and Estimated Actual Value of Taxable Property	64
J-7	Direct and Overlapping Property Tax Rates	65
J-8	Principal Property Taxpayers	66
J-9	Property Tax Levies and Collections	67

Debt Capacity

J-10	Ratios of Outstanding Debt by Type	68
J-11	Ratios of General Bonded Debt Outstanding	69
J-12	Direct and Overlapping Governmental Activities Debt	70
J-13	Legal Debt Margin Information	71

Demographic and Economic Information

J-14	Demographic and Economic Statistics	72
J-15	Principal Employers	73
J-16	Full-time Equivalent District Employees by Function/Program	74

Operating Information

J-17	Operating Statistics	75
J-18	School Building Information	76
J-19	Schedule of Required Maintenance Expenditures by School Facility	77
J-20	Insurance Schedule	78

SINGLE AUDIT SECTION

K-1	Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards - Independent Auditor's Report	79 to 80
K-2	Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 and NJ OMB Circular Letter 04-04 - Independent Auditor's Report	N/A
K-3	Schedule of Expenditures of Federal Awards, Schedule A	81
K-4	Schedule of Expenditures of State Financial Assistance, Schedule B	82
K-5	Notes to the Schedules of Expenditures of Awards and Financial Assistance	83 to 84
K-6	Schedule of Findings and Questioned Costs	85
K-7	Summary Schedule of Prior Audit Findings	86

INTRODUCTORY SECTION

Avon Board of Education

505 Lincoln Avenue
Avon-by-the-Sea, New Jersey 07717

Amy S. Lerner, Board Secretary
School Business Administrator

(732) 775-4310, ext. 201

Fax (732) 775-0761

amy_lerner@avonschool.com

November 17, 2014

Honorable President and
Members of the Board of Education
Avon-By-The-Sea School District
Lincoln & 5th Avenues
Avon-By-The-Sea, NJ 07717

Dear Board Members:

The Comprehensive Annual Financial Report (CAFR) of the Avon-By-The-Sea School District ("District") for the fiscal year ended June 30, 2014, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Avon-By-The-Sea Board of Education ("Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

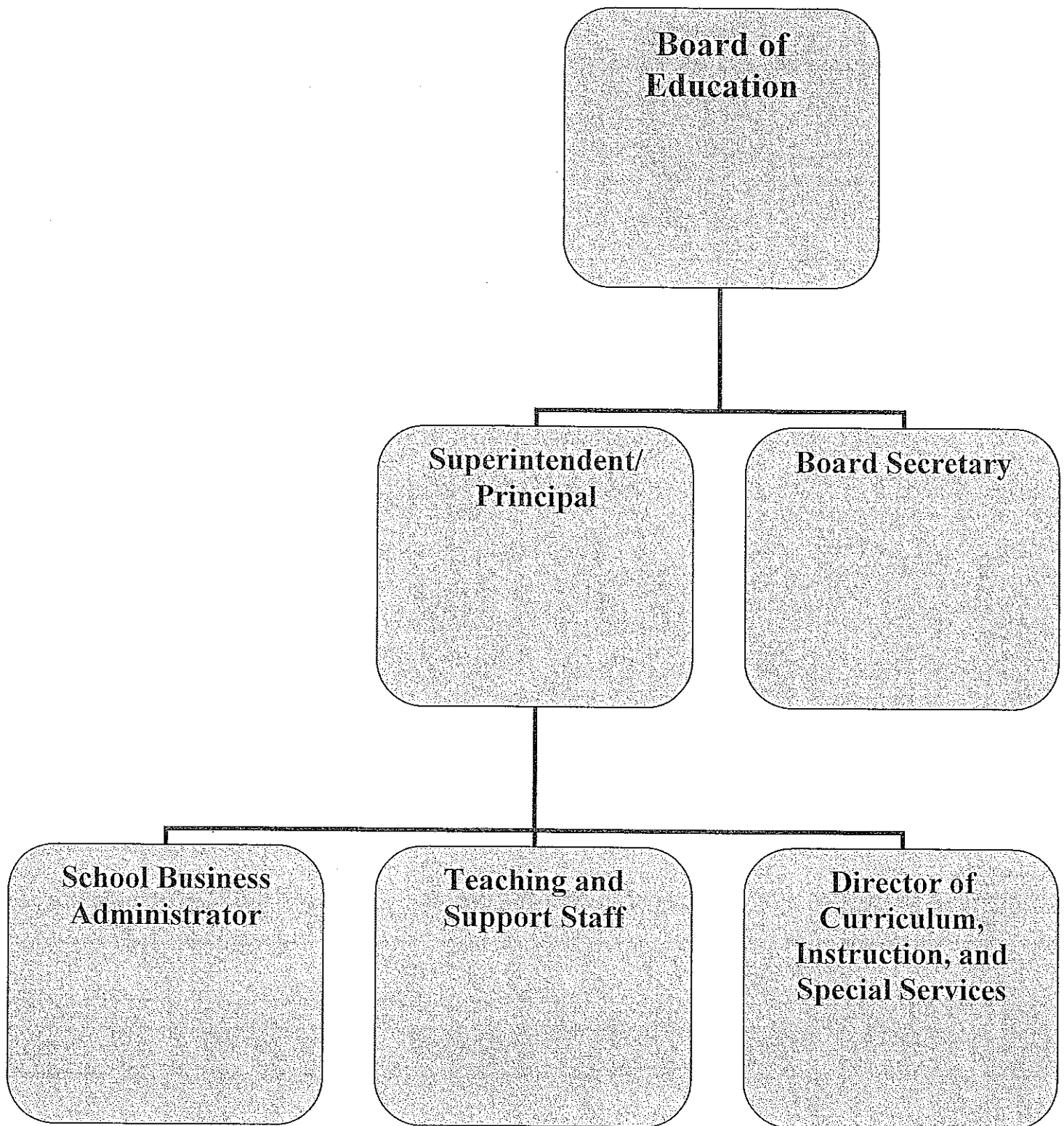
The Comprehensive Annual Financial Report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart, a roster of principal officials and a list of consultants and advisors. The financial section includes the district-wide and fund financial statements and schedules, as well as the auditor's report and the Management's Discussion and Analysis. The statistical section includes selected financial statements and schedules as well as information generally presented on a multi-year basis. The District is not required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984, the U.S. Office of Management and Budget ("OMB") Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, and the State Treasury OMB Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid Payments. However, required information related to this audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

Respectfully submitted,

Amy S. Lerner
School Business Administrator/Board Secretary

AVON BOARD OF EDUCATION

ORGANIZATION CHART



AVON-BY-THE-SEA BOARD OF EDUCATION

ROSTER OF OFFICIALS JUNE 30, 2014

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Kenneth Child, President	2014
John B. Magrini, Vice President	2014
Andrea Magovern	2014
Michelle Devoy	2016
Laura Etienne	2016
Laura Davey	2015
Barbara DeLuca	2015

Other Officials

Christopher Albrizio, Superintendent of Schools
Amy S. Lerner, Board Secretary/School Business Administrator
Christopher Mullins, Treasurer of School Funds
Adams, Stern, Gutierrez, Lattiboudere, LLC, Attorney

AVON-BY-THE-SEA BOARD OF EDUCATION

CONSULTANTS AND ADVISORS

AUDIT FIRM

Allen B. Shechter, CPA, RMA, PSA
Alvino & Shechter, L.L.C.
110 Fortunato Place
Neptune, NJ 07753

ATTORNEY

Adams, Stern, Gutierrez & Lattiboudere, LLC
1037 Raymond Blvd.
Suite 900
Newark, NJ 07102

CONSULTING ENGINEER AND CONSTRUCTION MANAGER

P. W Moss & Associates
7 Plumridge Drive
Doylestown, PA 18902

OFFICIAL DEPOSITORY

Kearny Federal Savings
627 Second Avenue
Long Branch, NJ 07740

FINANCIAL SECTION

ALVINO & SHECHTER, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

110 Fortunato Place

Neptune, New Jersey 07753-3767

VINCENT J. ALVINO, CPA, PSA
ALLEN B. SHECHTER, CPA, RMA, PSA

Phone: (732) 922-4222
Fax: (732) 922-4533

Member

American Institute of Certified Public Accountants
New Jersey Society of Certified Public Accountants
PCPS of the AICPA Division of CPA Firms

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Avon-By-The-Sea Board of Education
County of Monmouth, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Avon-By-The-Sea School District (the "District") in the County of Monmouth, as of and for the fiscal year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Avon-By-The-Sea School District, in the County of Monmouth, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the budgetary comparison information on pages 7 through 13 and 42 through 47 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information such as the combining and individual non-major fund financial statements and the accompanying schedules of expenditures of federal and state awards, as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and New Jersey's OMB Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary schedules such as the combining and individual non-major fund financial statements and the schedules of expenditures of federal and state awards are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedules and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2014 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Allen B. Shechter

Licensed Public School Accountant No. 2183

Certified Public Accountant

November 16, 2014
Neptune, New Jersey

REQUIRED SUPPLEMENTARY INFORMATION - PART I

**AVON-BY-THE-SEA SCHOOL DISTRICT
AVON-BY-THE-SEA, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

(Unaudited)

The discussion and analysis of the Avon-By-The-Sea School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2014. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2014 are as follows:

- * General revenues accounted for \$4,123,614.10 in revenue or 96.88% percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$132,962.16 or 3.12% percent of total revenues of \$4,256,576.26.
- * Total net position of governmental activities increased by \$357,000.63.
- * The School District had \$3,889,575.63 in expenses; only \$132,962.16 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$4,123,614.10 were adequate to provide for these programs.
- * The General Fund had \$3,764,189.91 in revenues and \$3,373,331.48 in expenditures and transfers to Food Service Fund. The General Fund's balance increased \$390,858.43 over 2013.

Using this Comprehensive Annual Financial Report (CAFR)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Avon-By-The-Sea School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at the specific financial activities.

The *Statement of Net Position* and the *Statement of Activities* provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. In the case of Avon-By-The-Sea School District, the General Fund is by far the most significant fund.

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2014?" The *Statement of Net Position* and the *Statement of Activities* helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account, all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net position and changes in those positions. This change in net position is important because it tells the reader that, for the School District as a whole, the financial positions of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Non-financial factors include the School District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the *Statement of Net Position* and the *Statement of Activities*, the School District is divided into two distinct kinds of activities:

Governmental Activities - All of the School District's programs and services are reported here including, but not limited to, instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.

Business-Type Activities - This service is provided on a charge for goods or services basis to recover all the expense of the goods or services provided. The Food Service enterprise fund is reported as a business activity.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major (all) funds is included in the 2013-14 Comprehensive Annual Financial Report as presented by the School District. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund, Special Revenue Fund and Capital Projects Fund.

Governmental Funds

The School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the *Statement of Net Position* and the *Statement of Activities*) and governmental funds is reconciled in the financial statements.

Enterprise Fund

The Enterprise Fund uses the same basis of accounting as business-type activities; therefore, these statements are essentially the same.

The School District as a Whole

The *Statement of Net Position* provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position as of June 30, 2014 compared to June 30, 2013.

Table 1
Net Position

	<u>2014</u>	<u>2013</u>
Assets		
Current and Other Assets	1,790,652.69	1,435,951.51
Capital Assets	<u>7,217,655.22</u>	<u>7,403,923.85</u>
Total Assets	<u>\$9,008,307.91</u>	<u>\$8,839,875.36</u>
Liabilities		
Current Liabilities	303,932.34	339,514.36
Long-Term Liabilities	<u>5,973,825.03</u>	<u>6,126,818.35</u>
Total Liabilities	<u>\$6,277,757.37</u>	<u>\$6,466,332.71</u>
Net Position		
Invested in Capital Assets, Net of Related Debt	1,131,517.02	1,160,276.08
Restricted	1,476,350.07	1,072,273.67
Unrestricted	<u>122,683.45</u>	<u>140,992.90</u>
Total Assets	<u>\$2,730,550.54</u>	<u>\$2,373,542.65</u>

Table 2 provides a comparison analysis of District-Wide changes in net position from fiscal years 2013 and 2014.

Table 2
Changes in Net Position

	<u>2014</u>	<u>2013</u>
Revenues		
Program Revenues:		
Charge for Services	125,856.08	156,866.46
Operating Grants and Contributions	7,106.08	4,755.99
General Revenues:		
Property Taxes	3,558,345.00	3,555,654.00
Grants and Entitlements	549,542.94	614,632.07
Other	<u>15,726.16</u>	<u>24,816.98</u>
Total Revenues	<u>4,256,576.26</u>	<u>4,356,725.50</u>
Program Expenses		
Instruction	1,511,034.40	1,481,435.77
Support Services:		
Pupils and Instructional Staff	1,311,890.14	1,456,696.02
General Administration, School		
Administration, Central Services	240,223.33	229,163.83
Operations and Maintenance of Facilities	238,117.32	226,575.46
Pupil Transportation	132,272.72	129,224.54
Interest on Long-Term Debt	263,579.25	270,546.07
Unallocated Depreciation	174,816.67	61,118.93
Food Service	<u>27,641.80</u>	<u>27,245.66</u>
Total Expenses	<u>3,899,575.63</u>	<u>3,882,006.28</u>
Increase/(Decrease) in Net Position	<u>\$ 357,000.63</u>	<u>\$ 474,719.22</u>

Governmental Activities

Property taxes made up 83.88% of revenues for governmental activities for the Avon-By-The-Sea School District for the fiscal year 2014. The School District's total revenues were \$4,241,864.57 for the fiscal year ended June 30, 2014. Federal, state and local grants accounted for another 11.89% of revenues.

The total cost of all program and services was \$3,871,933.83. Instruction comprises 39.02% of School District expenses.

Revenues for the School District's business-type activities (food service program) were comprised of charges for services and federal and state reimbursements. This deficit was made up by transfers from the General Fund.

- * Food service expenses exceeded revenues by \$12,930.11.
- * Charges for services represent \$7,587.08 of revenue. This represents amounts paid by patrons for daily food services.
- * Federal and state reimbursements for meals, including payments for free and reduced lunches was \$7,106.08.

The *Statement of Activities* reflects the cost of program services and program revenues, consisting of the charges for services and sales and grants and contributions, offsetting those services. Table 3, indicates the total cost of services and the net cost of services. It identifies the cost of these services supported by tax revenues and unrestricted state entitlements.

Table 3

Governmental Activities

	<u>2014</u>		<u>2013</u>	
	<u>Total Cost of of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
Instruction	1,511,034.40	1,395,359.40	1,481,435.77	1,339,179.99
Support Services:				
Pupil and Instructional Staff	1,311,890.14	1,311,890.14	1,456,696.02	1,456,696.02
General Administration, School Administration, Central Services	240,223.33	240,223.33	229,163.83	229,163.83
Operation and Maintenance of Facilities	238,117.32	238,117.32	226,575.46	226,575.46
Pupil Transportation	132,272.72	129,678.72	129,224.54	121,442.54
Interest on Long-Term Debt	263,579.25	263,579.25	270,546.07	270,546.07
Unallocated Depreciation	<u>174,816.67</u>	<u>174,816.67</u>	<u>61,118.93</u>	<u>61,118.93</u>
Total Expenses	<u>\$3,871,933.83</u>	<u>\$3,753,664.83</u>	<u>\$3,854,760.62</u>	<u>\$3,704,722.84</u>

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student, including extracurricular activities.

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development.

General administration, school administration and central services include expenses associated with administrative and financial supervision of the School District.

Operation and maintenance of facilities activities involve keeping the school grounds, buildings and equipment in an effective working condition.

Curriculum and staff development includes expenses related to planning, research, development and evaluation of support services, as well as the reporting of this information internally and to the public.

Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by state law.

Extracurricular activities includes expenses related to student activities provided by the School District which are designed to provide opportunities for students to participate in school events, public events, or a combination of these for the purposes of motivation, enjoyment and skill improvement.

Interest and fiscal charges involve the transactions associated with the payment of interest and other related charges to debt of the School District.

Other includes unallocated depreciation and amortization.

The School District's Funds

Information about the School District's major funds is included in the 2013-14 Comprehensive Annual Financial Report as presented by the School District. These funds are accounted for using the modified accrual basis of accounting. All governmental funds (i.e., General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund presented in the fund-based statements) had total revenues of \$4,241,864.57 and expenditures, including transfers to the Food Service-Enterprise Fund, of \$3,851,004.48. The net positive (negative) change in fund balance for the year was insignificant in the General Fund, an increase of \$390,858.43. The School District is able to meet current operating costs with no urgent need for additional funds.

As demonstrated by the various statements and schedules included in the financial section of this report, the School District continues to meet its responsibility for sound financial management. The following schedule presents a summary of the revenues of the governmental funds (excluding capital projects) for the fiscal year ended June 30, 2014, and the amount and percentage of increases and decreases in relation to prior-year revenues.

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2012/13</u>	<u>Percent of Increase/ (Decrease)</u>
Local Sources	3,692,321.63	87.04%	(38,168.93)	(1.02)%
State Sources	504,429.94	11.89%	(42,075.12)	(7.69)%
Federal Sources	<u>45,113.00</u>	<u>1.07%</u>	<u>(23,014.01)</u>	<u>(33.78)%</u>
Total	<u>\$4,241,864.57</u>	<u>100.00%</u>	<u>(103,258.06)</u>	<u>(2.37)%</u>

The decrease in Local Sources is attributed to a decrease in tuition from individuals.

The decrease in State Sources is due to a decrease in the State Aid.

The decrease in Federal Sources is due to a decrease in the Federal Aid.

The following schedule presents a summary of General Fund, Special Revenue Fund and Debt Service Fund expenditures for the fiscal year ended June 30, 2014.

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2012/13</u>	<u>Percent of Increase/ (Decrease)</u>
Current:				
Instruction	1,284,169.42	33.46%	286,532.39	28.72%
Undistributed Expenditures	2,122,690.95	55.31%	(417,446.87)	(16.43)%
Debt Service	431,160.00	11.23%	3,685.50	.93%
Capital Outlay	<u>54.00</u>	<u>.00%</u>	<u>(53,604.24)</u>	<u>(99.89)%</u>
Total	<u>\$3,838,074.37</u>	<u>100.00%</u>	<u>(180,833.22)</u>	<u>(4.49)%</u>

The increase in Current - Instruction is attributed to an increase in salaries and supplies.

The decrease in Current - Undistributed Expenditures is attributed to a decrease in health insurance and other student and instruction related services.

The decrease in Capital Outlay is attributed to a decrease in equipment purchases.

General Fund Budgeting Highlights

The School District's budget is prepared according to the New Jersey law, and is based on accounting for certain transactions on a basis of modified accrual and encumbrance accounting. The most significant budgeted fund is the General Fund.

During the course of the fiscal 2014 year, the School District amended its General Fund budget as needed. The School District uses program-based budgeting and the budgeting systems designed to tightly control total program budgets but provide flexibility for program management.

- * Staffing changes based on student needs.
- * Additional costs for student transportation both in regular education and special education.
- * Accounting changes in maintenance and operations.
- * Changes in appropriations to prevent budget overruns.

While the School District's final budget for the General Fund anticipated that revenues and expenditures would roughly equal, the actual results for the year show a \$393,270.43 increase in surplus funds for a total unassigned free balance of \$270,022.00 at June 30, 2014.

Capital Assets

At the end of the fiscal 2014 year, the School District had \$7,206,517.02 invested in land, site improvements, building and building improvements, and machinery and equipment, net of depreciation.

Table 4
Capital Assets (Net of Depreciation) at June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Land	8,800.00	8,800.00
Site Improvements	28,546.05	30,575.85
Buildings and Improvements	6,968,036.82	7,111,803.91
Licensed Vehicles	.00	.00
Machinery and Equipment	<u>201,134.15</u>	<u>240,692.29</u>
Totals	<u>\$7,206,517.02</u>	<u>\$7,391,872.05</u>

Debt Administration

At June 30, 2014, the School District had \$6,143,825.03 as outstanding debt. Of this amount, \$68,825.03 is for Compensated Absences and \$6,075,000.00 is for general obligation bonds.

At June 30, 2014, the School District's overall legal debt margin was \$23,786,362.00.

For the Future

The goal of the Avon-By-The-Sea School District is to provide a comprehensive educational program that meets the needs of all students. Inherent in this goal is the District's determination to provide safe and adequate facilities that contribute to the District's ability to meet its educational goals.

There is concern for the future as rising special education costs, new funding formulas, technology needs, and New Jersey Common Core Curricular State Standards place increasing demands on limited financial resources.

The uncertainty of state aid and levy cap restrictions continue to present new challenges for the Avon-By-The-Sea School District as the budget for the 2015/16 school year is developed. The Avon-By-The-Sea School District will continue to maintain sound fiscal management, while continuously improving the existing program and addressing safety, security and facility needs.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional information, please contact the School Business Administrator/Board Secretary at Avon-By-The-Sea Board of Education, Lincoln & 5th Avenues, Avon-By-The-Sea, NJ 07717.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

The statement of net position and the statement of activities display information about the District. These statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the doubling-counting of internal activities. These statements distinguish between the governmental and business-type activities of the District.

AVON-BY-THE-SEA SCHOOL DISTRICT**Statement of Net Position****June 30, 2014**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS:			
Cash and Cash Equivalents	1,439,570.25	8,408.39	1,447,978.64
Receivables, Net	60,381.91	485.83	60,867.74
Restricted Assets:			
Capital Reserve Account - Cash	281,806.31	.00	281,806.31
Capital Assets, Net (Note 5):	<u>7,206,517.02</u>	<u>11,138.20</u>	<u>7,217,655.22</u>
Total Assets	<u>8,988,275.49</u>	<u>20,032.42</u>	<u>9,008,307.91</u>
LIABILITIES:			
Accounts Payable	26,728.15	.00	26,728.15
Other Payable	.04	20,025.16	20,025.20
Accrued Interest	86,382.32	.00	86,382.32
Unearned Revenue	796.67	.00	796.67
Noncurrent Liabilities (Note 6):			
Due Within One Year	170,000.00	.00	170,000.00
Due Beyond One Year	<u>5,973,825.03</u>	<u>.00</u>	<u>5,973,825.03</u>
Total Liabilities	<u>6,257,732.21</u>	<u>20,025.16</u>	<u>6,277,757.37</u>
NET POSITION:			
Invested in Capital Assets, Net of Related Debt	1,131,517.02	.00	1,131,517.02
Restricted for:			
Debt Service	8,407.06	.00	8,407.06
Capital Projects	.00	.00	.00
Other Purposes	1,467,943.01	.00	1,467,943.01
Unrestricted	<u>122,676.19</u>	<u>7.26</u>	<u>122,683.45</u>
Total Net Position	<u>\$2,730,543.28</u>	<u>7.26</u>	<u>2,730,550.54</u>

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

AVON-BY-THE-SEA SCHOOL DISTRICT**Statement of Activities****For the Fiscal Year Ended June 30, 2014**

Functions/Programs GOVERNMENTAL ACTIVITIES:	Expenses	Indirect Expense Allocation	Program Revenues			Net (Expense) Revenue and Changes In Net Position		
			Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business-Type Activities	Total
Instruction:								
Regular Instruction	1,218,582.51	191,672.33	115,675.00	.00	.00	(1,294,579.84)	.00	(1,294,579.84)
Other Instruction	88,822.09	11,957.47	.00	.00	.00	(100,779.56)	.00	(100,779.56)
Support Services:								
Tuition	722,082.93	.00	.00	.00	.00	(722,082.93)	.00	(722,082.93)
Student & Instruction Related Services								
General Administration	537,243.22	52,563.99	.00	.00	.00	(589,807.21)	.00	(589,807.21)
School Administrative Services	163,966.29	3,718.70	.00	.00	.00	(167,684.99)	.00	(167,684.99)
Central Services	14,800.00	9,622.30	.00	.00	.00	(24,422.30)	.00	(24,422.30)
PPlant Operations and Maintenance	37,750.00	10,366.04	.00	.00	.00	(48,116.04)	.00	(48,116.04)
Pupil Transportation	235,946.63	2,170.69	.00	.00	.00	(238,117.32)	.00	(238,117.32)
Unallocated Employee Benefits	131,677.04	595.68	2,594.00	.00	.00	(129,678.72)	.00	(129,678.72)
Interest on Long-Term Debt	282,667.20	(282,667.20)	.00	.00	.00	.00	.00	.00
Unallocated Depreciation	263,579.25	.00	.00	.00	.00	(263,579.25)	.00	(263,579.25)
Total Governmental Activities	174,816.67	.00	.00	.00	.00	(174,816.67)	.00	(174,816.67)
BUSINESS-TYPE ACTIVITIES:	\$3,871,933.83	.00	118,269.00	.00	.00	(3,753,664.83)	.00	(3,753,664.83)
Food Service	27,641.80	.00	7,587.08	7,106.08	.00	.00	(12,948.64)	(12,948.64)
Total Business-Type Activities	27,641.80	.00	7,587.08	7,106.08	.00	.00	(12,948.64)	(12,948.64)
Total Primary Government	\$3,899,575.63	.00	125,856.08	7,106.08	.00	(3,753,664.83)	(12,948.64)	(3,766,613.47)
GENERAL REVENUES:								
Taxes:								
Property Taxes Levied for General Purposes, Net						3,226,769.00	.00	3,226,769.00
Taxes Levied for Debt Service						331,576.00	.00	331,576.00
Federal and State Aid Not Restricted						549,542.94	.00	549,542.94
Investment Earnings						6,219.39	18.53	6,237.92
Miscellaneous Income						9,488.24	.00	9,488.24
Transfers						(12,930.11)	12,930.11	.00
Total General Revenues, Special Items, Extraordinary Items and Transfers						4,110,665.46	12,948.64	4,123,614.10
Change in Net Position						357,000.63	.00	357,000.63
Net Position - Beginning (Restated)						2,373,542.65	7.26	2,373,549.91
Net Position - Ending						\$2,730,543.28	7.26	2,730,550.54

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS

The Individual Fund statements and schedules present more detailed information for the individual fund in a format that segregates information fund type.

AVON-BY-THE-SEA SCHOOL DISTRICT**Balance Sheet****Governmental Funds****June 30, 2014**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS:					
Cash and Cash Equivalents	1,439,570.25	.00	.00	.00	1,439,570.25
Due from Other Funds	35,323.63	.00	.00	.00	43,730.69
Receivables from Other Governments	24,261.61	17,573.00	.00	8,407.06	41,834.61
Restricted Cash and Cash Equivalents	<u>281,806.31</u>	<u>.00</u>	<u>.00</u>	<u>.00</u>	<u>281,806.31</u>
Total Assets	<u>\$1,780,961.80</u>	<u>17,573.00</u>	<u>.00</u>	<u>8,407.06</u>	<u>1,806,941.86</u>
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts Payable	26,728.15	.00	.00	.00	26,728.15
Other Payable	.04	.00	.00	.00	.04
Interfund Payable	8,407.06	16,776.33	.00	.00	25,183.39
Unearned Revenue	<u>.00</u>	<u>796.67</u>	<u>.00</u>	<u>.00</u>	<u>796.67</u>
Total Liabilities	<u>35,135.25</u>	<u>17,573.00</u>	<u>.00</u>	<u>.00</u>	<u>52,708.25</u>
Fund Balances:					
Restricted For:					
Excess Surplus - Current Year	679,401.99	.00	.00	.00	679,401.99
Excess Surplus Designated for Subsequent Year's Expenditures	438,534.71	.00	.00	.00	438,534.71
Capital Reserve	281,806.31	.00	.00	.00	281,806.31
Tuition Reserve	68,200.00	.00	.00	.00	68,200.00
Capital Projects Fund	.00	.00	.00	.00	.00
Debt Service Fund	.00	.00	.00	8,407.06	8,407.06
Assigned To:					
Capital Projects	.00	.00	.00	.00	.00
Other Purposes	1,232.25	.00	.00	.00	1,232.25
Designated by the BOE for Subsequent Year's Expenditures	23,853.29	.00	.00	.00	23,853.29
Unassigned:					
General Fund	252,798.00	.00	.00	.00	252,798.00
Special Revenue Fund	<u>.00</u>	<u>.00</u>	<u>.00</u>	<u>.00</u>	<u>.00</u>
Total Fund Balances	<u>1,745,826.55</u>	<u>.00</u>	<u>.00</u>	<u>8,407.06</u>	<u>1,754,233.61</u>
Total Liabilities and Fund Balances	<u>\$1,780,961.80</u>	<u>17,573.00</u>	<u>.00</u>	<u>8,407.06</u>	

Amounts reported for *governmental activities* in the statement of net position (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. The cost of the assets is \$8,205,136.62 and the accumulated depreciation is \$(998,619.60) (See Note 5).

7,206,517.02

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. (See Note 6)

(6,143,825.03)

Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the governmental fund financial statements, an interest expenditure is reported when due.

(86,382.32)

Net Position of Government Funds

\$2,730,543.28

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

AVON-BY-THE-SEA SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2014

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES:					
Local Sources:					
Local Tax Levy	3,226,769.00	.00	.00	331,576.00	3,558,345.00
Tuition from Individuals	115,675.00	.00	.00	.00	115,675.00
Transportation Fees from Other LEAS	2,594.00	.00	.00	.00	2,594.00
Interest Earned on Capital Reserve	744.26	.00	.00	.00	744.26
Interest Earned on Investments	5,472.47	.00	2.66	.00	5,475.13
Miscellaneous	8,088.24	1,400.00	.00	.00	9,488.24
Total - Local Sources	3,359,342.97	1,400.00	2.66	331,576.00	3,692,321.63
State Sources	404,846.94	.00	.00	99,583.00	504,429.94
Federal Sources	.00	45,113.00	.00	.00	45,113.00
Total Revenues	3,764,189.91	46,513.00	2.66	431,159.00	4,241,864.57
EXPENDITURES:					
Current:					
Regular Instruction	1,172,567.42	22,779.91	.00	.00	1,195,347.33
Other Instruction	88,822.09	.00	.00	.00	88,822.09
Support Services:					
Tuition	722,082.93	.00	.00	.00	722,082.93
Student & Instruction Related Services	512,344.95	23,733.09	.00	.00	536,078.04
General Administration	162,220.83	.00	.00	.00	162,220.83
School Administrative Services	14,800.00	.00	.00	.00	14,800.00
Central Services	37,750.00	.00	.00	.00	37,750.00
Plant Operations and Maintenance	235,414.91	.00	.00	.00	235,414.91
Pupil Transportation	131,677.04	.00	.00	.00	131,677.04
Unallocated Employee Benefits	282,667.20	.00	.00	.00	282,667.20
Debt Service:					
Principal	.00	.00	.00	165,000.00	165,000.00
Interest and Other Charges	.00	.00	.00	266,160.00	266,160.00
Capital Outlay	54.00	.00	.00	.00	54.00
Total Expenditures	3,360,401.37	46,513.00	.00	431,160.00	3,838,074.37
Excess (Deficiency) of Revenues Over Expenditures	403,788.54	.00	2.66	(1.00)	403,790.20
OTHER FINANCING SOURCES (USES):					
Transfers In	.00	.00	.00	.00	.00
Transfers Out	(12,930.11)	(.00)	(8,406.69)	8,406.69	(12,930.11)
Total Other Financing Sources and Uses	(12,930.11)	.00	(8,406.69)	8,406.69	(12,930.11)
Net Change in Fund Balances	390,858.43	.00	(8,404.03)	8,405.69	390,860.09
Fund Balance - July 1	1,354,968.12	.00	8,404.03	1.37	1,363,373.52
Fund Balance - June 30	\$1,745,826.55	.00	.00	8,407.06	1,754,233.61

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

AVON-BY-THE-SEA SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Fiscal Year Ended June 30, 2014

Total net change in fund balances - governmental funds (from B-2)	390,860.09
---	------------

Amounts reported for governmental activities in the statement of activities (A-2) are different because:

Capital outlays are reported in governmental funds as expenditures. However, on the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current fiscal year.

Depreciation Expense	(189,925.03)	
Capital Outlay	<u>4,570.00</u>	(185,355.03)

Repayment of bond, loans and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.	165,000.00
--	------------

In the statement of activities, certain operating expenses, e.g., compensated absences (vacation and sick pay) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation; when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation.	(16,085.18)
--	-------------

Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the fund financial statements an interest expenditure is reported when due.	<u>2,580.75</u>
---	-----------------

Change in net position of governmental activities	<u>\$357,000.63</u>
---	---------------------

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

AVON-BY-THE-SEA SCHOOL DISTRICT**Statement of Net Position****Proprietary Funds****June 30, 2014****Business-Type Activities-
Enterprise Funds****Food Service****ASSETS:**

Current Assets:

Cash and Cash Equivalents

8,408.39

Accounts Receivable:

State

20.01

Federal

465.82

Total Current Assets

8,894.22

Noncurrent Assets:

Equipment

19,105.00

Less Accumulated Depreciation

(7,966.80)

Total Noncurrent Assets

11,138.20

Total Assets

20,032.42**LIABILITIES:**

Current Liabilities:

Interfund Payable

15,726.21

Students Charge Accounts

730.04

Other Payable - Neptune City School District

3,568.91

Total Current Liabilities

20,025.16**NET POSITION:**

Invested in Capital Assets, Net of Related Debt

.00

Unrestricted

7.26

Total Net Position

\$ 7.26

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

AVON-BY-THE-SEA SCHOOL DISTRICT
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2014

	<u>Business-Type Activities- Enterprise Funds</u>
	<u>Food Service</u>
OPERATING REVENUES:	
Local Sources:	
Daily Sales - Reimbursable Programs	3,954.20
Daily Sales - Non-Reimbursable Programs	<u>3,632.88</u>
Total Operating Revenues	<u>7,587.08</u>
OPERATING EXPENSES:	
Cost of Sales	11,148.40
Salaries	14,472.64
Employee Benefits	1,107.16
Depreciation	<u>913.60</u>
Total Operating Expenses	<u>27,641.80</u>
Operating Loss	<u>(20,054.72)</u>
NONOPERATING REVENUES:	
State Sources:	
State School Lunch Program	170.58
Federal Sources:	
National School Lunch Program	6,935.50
Interest Earnings	<u>18.53</u>
Total Nonoperating Revenues	<u>7,124.61</u>
Loss Before Contributions and Transfers	(12,930.11)
Operating Transfer In: Board Contribution	<u>12,930.11</u>
Change in Net Position	.00
Total Net Position - July 1 (Adjusted)	<u>7.26</u>
Total Net Position - June 30	\$ <u><u>7.26</u></u>

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

AVON-BY-THE-SEA SCHOOL DISTRICT**Statement of Cash Flows****Proprietary Funds****For the Fiscal Year Ended June 30, 2014****Business-Type Activities-
Enterprise Funds****Food Service****CASH FLOWS FROM OPERATING ACTIVITIES:**

Cash Received from Daily Sales	7,587.08
Payments to Suppliers	(10,824.44)
Payments to Employees	(14,472.64)
Payments for Employee Benefits	<u>(1,107.16)</u>

Net Cash Used for Operating Activities	<u>(18,817.16)</u>
--	--------------------

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

State Sources	165.12
Federal Sources	6,805.06
Board Contribution	12,930.11
Interfunds	5,881.94
Student Charge Accounts	<u>(88.40)</u>

Net Cash Provided by Noncapital Financing Activities	<u>25,693.83</u>
--	------------------

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING
ACTIVITIES:**

Purchase of Equipment	<u>(.00)</u>
-----------------------	--------------

Net Cash Used for Capital and Related Financing Activities	<u>(.00)</u>
--	--------------

CASH FLOWS FROM INVESTING ACTIVITIES:

Interest on Investments	<u>18.53</u>
-------------------------	--------------

Net Cash Provided by Investing Activities	<u>18.53</u>
---	--------------

Net Increase (Decrease) in Cash and Cash Equivalents	6,895.20
--	----------

Cash and Cash Equivalents - July 1	<u>1,513.19</u>
------------------------------------	-----------------

Cash and Cash Equivalents - June 30	<u>\$ 8,408.39</u>
-------------------------------------	--------------------

Reconciliation of Operating Loss to Net Cash Used by Operating Activities:

Operating Loss	<u>(20,054.72)</u>
----------------	--------------------

Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities

Depreciation	913.60
Increase (Decrease) in Other Payable	<u>323.96</u>
Total Adjustments	<u>1,237.56</u>

Net Cash Used for Operating Activities	<u>\$(18,817.16)</u>
--	----------------------

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

AVON-BY-THE-SEA SCHOOL DISTRICT
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2014

	<u>Unemployment Compensation Trust</u>	<u>Agency Fund</u>
ASSETS:		
Cash and Cash Equivalents	34.23	8,047.66
Accounts Receivable:		
State of N.J. - Payroll Taxes	.00	302.96
Interfunds Receivable	<u>3,822.31</u>	<u>.00</u>
Total Assets	<u>3,856.54</u>	<u>8,350.62</u>
LIABILITIES:		
Payroll Deductions and Withholdings	.00	1,707.22
Interfund Payable	<u>.00</u>	<u>6,643.40</u>
Total Liabilities	<u>.00</u>	<u>\$8,350.62</u>
NET POSITION:		
Held in Trust for Unemployment Claims and Other Purposes	<u>3,856.54</u>	
Total Net Position	<u>\$3,856.54</u>	

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

AVON-BY-THE-SEA SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2014

**Unemployment
Compensation
Trust**

ADDITIONS:

Contributions:

Plan Members

2,983.73

Board

5,323.63

Total Contributions

8,307.36

Investment Earnings:

Interest

22.89

Net Investment Earnings

22.89

Total Additions

8,330.25**DEDUCTIONS:**

Unemployment Claims

17,053.65

Total Deductions

17,053.65

Change in Net Position

(8,723.40)

Net Position - July 1

12,579.94

Net Position - June 30

\$ 3,856.54

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

AVON-BY-THE-SEA SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Introduction

The Avon-By-The-Sea School District is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of elected officials who are responsible for the fiscal control of the District. A Superintendent is appointed by the Board and is responsible for the administrative control of the District.

The financial statements of the Board of Education of Avon-By-The-Sea School District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

A. Reporting Entity:

The Avon-By-The-Sea School District is a Type II district located in the County of Monmouth, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The Board is comprised of seven members elected to three year-terms. The purpose of the District is to educate students in grades K-8.

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is whether:

- the organization is legally separate (can sue or be sued in their own name)
- the district holds the corporate powers of the organization
- the district appoints a voting majority of the organization's board
- the district is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the district
- there is a fiscal dependency by the organization on the district

Based on the aforementioned criteria, the District has no component units.

B. New Accounting Standards:

During fiscal year 2014, the District adopted the following GASB statements:

- GASB Statement No. 66, *Technical Corrections - 2012, an Amendment of GASB Statements No. 10 and No. 62*. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* and No. 62, *Codification of Accounting and Financial Reporting Guidance* Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.
- GASB Statement No. 67, *Financial Reporting for Pension Plans*, an Amendment of GASB Statement No. 25. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans* and No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements that meet certain criteria.

AVON-BY-THE-SEA SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

B. New Accounting Standards (Cont'd):

Other accounting standards that the District is currently reviewing for applicability and potential impact on the financial statements include:

- GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, will be effective beginning with the year ending June 30, 2015. The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trust or equivalent arrangements that meet certain criteria. The District does not expect this Statement to impact its financial statements.
- GASB Statement No. 69, *Government Contributions and Disposal Operations*, will be effective beginning with the year ending June 30, 2015. The objective of this Statement is to establish accounting and financial reporting standards related to government combinations and disposal of governments operations. As used in this statement, the term government combinations includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. The District does not expect this Statement to impact its financial statements.
- GASB Statement No. 71, *Pension Transition for Contributions made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*, will be effective beginning with the year ending June 30, 2015. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The requirements of this Statement will eliminate the source of a potential significant understatement of restated beginning net position and expense in the first year of implementation of Statement No. 68 in the accrual-basis financial statements of employers and nonemployer contributing entities. Management is currently evaluating the impact of the adoption of this Statement.

C. Basis of Presentation, Basis of Accounting:

The School District's basic financial statements consist of District-Wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Basis of Presentation:

District-Wide Statements: The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activity of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

AVON-BY-THE-SEA SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

C. Basis of Presentation, Basis of Accounting (Cont'd):

The statement of net position presents the financial condition of the governmental and business-type activity of the School District at fiscal year end. The statement of activities presents a comparison between direct expenses and program revenues for the business-type activity of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing or draws from the general revenues of the School District.

The District does allocate indirect costs such as employee benefits, On-behalf TPAF Pension and Post Retirement Medical Contributions, and Reimbursed TPAF Social Security Contributions.

Fund Financial Statements: During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category - *governmental, proprietary, and fiduciary* - are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB Statement No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models.

The District reports the following major governmental funds:

General Fund: The general fund is the general operating fund of the District and is used to account for all expendable financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or non-instructional equipment which are classified in the capital outlay subfund.

As required by the NJDOE, the District includes budgeted capital outlay in this fund. GAAP as it pertains to governmental entities states that general fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes, and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by Board resolution.

Special Revenue Fund: The special revenue fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major capital projects, debt service or the enterprise funds) and local appropriations that are legally restricted to expenditures for specified purposes.

Capital Projects Fund: The capital projects fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

Debt Service Fund: The debt service fund is used to account for the accumulation of resources for and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

AVON-BY-THE-SEA SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

C. Basis of Presentation, Basis of Accounting (Cont'd):

The District reports the following major proprietary fund:

Enterprise (Food Service) Fund: The enterprise fund accounts for all revenues and expenses pertaining to the Board's cafeteria operations. The food service fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (ie. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges.

Additionally, the District reports the following fund type:

Fiduciary Funds: The Fiduciary Funds are used to account for assets held by the District on behalf of others and includes the Payroll Agency Fund and Unemployment Compensation Insurance Trust Fund.

Basis of Accounting:

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements.

District-Wide, Proprietary, and Fiduciary Fund Financial Statements: The District-Wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; the enterprise fund and fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures. Ad Valorem (Property) Taxes are susceptible to accrual as under New Jersey State Statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

All governmental and business-type activities and enterprise funds of the District follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the county office for approval and are voted upon at the annual school election on the third Tuesday in April. The Board voted to adopt P.L. 2011 c.202, effective January 17, 2012, which eliminated the annual voter referendum on budgets which meet the statutory tax levy cap limitations and the board of education members are elected at the November general elections. Budgets are prepared using the modified accrual basis of accounting except for the special revenue fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments/transfers must be approved by School Board resolution. All budget amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

AVON-BY-THE-SEA SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

D. Budgets/Budgetary Control (Cont'd):

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and GAAP with the exception of the legally mandated revenue recognition of the last state aid payment for budgetary purposes only and the special revenue fund as presented in the Notes to Required Supplementary Information. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at year end.

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

E. Encumbrances:

Under encumbrance accounting, purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in Governmental Funds, other than the Special Revenue Fund, are reported as reservations of fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the Special Revenue Fund, for which the District has received advances, are reflected in the balance sheet as unearned revenues at fiscal year end.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance:

Cash, Cash Equivalents, and Investments:

Cash and cash equivalents include cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest.

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey Statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts. Investments are reported at fair value.

Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-41 et. seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value of at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

AVON-BY-THE-SEA SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Cont'd):

Interfund Transactions:

Transfers between governmental and business-type activities on the District-Wide statements are reported in the same manner as general revenues. Flows of cash or goods from one fund to another without a requirement for repayment are reported as Interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and as non-operating revenues/expenses in the enterprise fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

On fund financial statements, short-term interfund loans are classified as interfund receivables/payables. These amounts are eliminated in the statement of net assets, except for amounts due between governmental and business-type activities or governmental and agency funds, which are presented as internal balances.

Allowance for Uncollectible Accounts:

No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

Inventories:

Inventory purchases, other than those recorded in the enterprise fund, are recorded as expenditures during the year of purchase. Enterprise fund inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method.

Capital Assets:

The District has established a formal system of accounting for its capital assets. Purchased or constructed capital assets are reported at cost. Donated capital assets are valued at their estimated fair market value on the date received. The general fixed assets acquired or constructed prior to June 30, 1992 are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. The cost of normal maintenance and repairs is not capitalized. The School District does not possess any infrastructure. The capitalization threshold used by school districts in the State of New Jersey is \$2,000.00.

All reported capital assets except for land and construction in progress are depreciated. Depreciation is computed using the straight-line method under the half-year convention over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
School Buildings	50
Building Improvements	20
Office & Computer Equipment	5-10
Instructional Equipment	10
Site Improvements	20
Licensed Vehicles	8

In the fund financial statements, fixed assets used in government fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets are not capitalized and related depreciation is not reported in the fund financial statements.

Unearned Revenue:

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received in the Special Revenue Fund before they have been earned are recorded as unearned revenue.

AVON-BY-THE-SEA SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Cont'd):

Accrued Liabilities and Long-Term Obligations:

All payables, accrued liabilities, and long-term obligations are reported on the District-Wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. Bonds are recognized as a liability on the fund financial statements when due.

Net Position:

Net position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net position invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets.

Net positions are reported as restricted when there are limitations imposed on their use, either through the enabling legislation adopted by the School District, or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The School District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Fund Balance:

Beginning with the fiscal year 2011, the District implemented GASB Statement 54 "Fund Balance Reporting and Governmental Fund Type Definition". The School District reports fund balance in classifications that comprise hierarchy based primarily on the extent to which the School District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The School District's classifications, and policies for determining such classifications, are as follows:

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, such as inventories and prepaid amounts.

Restricted - The restricted fund balance classification includes amounts that are restricted to specific purposes. Such restrictions, or constraints, are placed on the use of resources either by being (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation.

Committed - The committed fund balance classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the School District's highest level of decision-making authority, which, for the School District, is the Board of Education. Such formal action consists of an affirmative vote by the Board of Education, memorialized by the adoption of a resolution. Once committed, amounts cannot be used for any other purpose unless the Board of Education removes, or changes, the specified use by taking the same type of action (resolution) it employed to previously commit those amounts.

Assigned - The assigned fund balance classification includes amounts that are constrained by the School District's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by either the Board of Education or by the business administrator, to which the Board of Education has delegated the authority to assign amounts to be used for specific purposes. Such authority of the business administrator is established by way of a formal job description for the position, approved by the Board of Education.

AVON-BY-THE-SEA SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Cont'd):

Unassigned - The unassigned fund balance classification is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, it is the policy of the School District to spend restricted fund balances first. Moreover, when an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications can be used, it is the policy of the School District to spend fund balances, if appropriate, in the following order: committed, assigned, then unassigned.

Deferred Outflows/Inflows of Resources:

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has no items that qualify for reporting in this category.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has no items that qualify for reporting in this category.

Revenues - Exchange and Nonexchange Transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means within sixty days of the fiscal year-end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from income taxes is recognized in the period in which the income is earned. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes available as an advance, interest, and tuition.

Operating Revenues and Expenses:

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise fund. For the School District, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the enterprise fund.

AVON-BY-THE-SEA SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Cont'd):

Management Estimates:

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS

The District is governed by the deposit and investment limitations of New Jersey state law. The deposits and investments held at June 30, 2014, and reported at fair value, are as follows:

<u>Type</u>	<u>Rating</u>	<u>Maturities</u>	<u>Carrying Value</u>
Deposits:			
Demand deposits			1,729,784.95
Investments:			
None			.00
Total deposits and investments			<u>\$1,729,784.95</u>
Reconciliation of Statement of Net Position:			
Current:			
Cash and cash equivalents			1,447,978.64
Investments			.00
Capital Reserve Account			<u>281,806.31</u>
			<u>\$1,729,784.95</u>

Custodial Credit Risk - Deposits in financial institutions, reported as components of cash, cash equivalents, and investments had a bank balance of \$1,568,056.80 at June 30, 2014. Of the bank balance \$250,000.00 was fully insured by depository insurance and \$1,318,056.80 was secured by a collateral pool held by the bank, but not in the District's name, as required by New Jersey statutes.

Investment Interest Rate Risk - The District has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Maturities of any investments held at June 30, 2014, are provided in the above schedule.

Investment Credit Risk - The District has no investment policy that limits its investment choices other than the limitation of state law as follows:

1. Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
2. Government money market mutual funds;
3. Any obligation that a federal agency or federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligations bear a fixed rate of interest not dependent on any index or other external factor.
4. Bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located;
5. Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, approved by the Division of Investment in the Department of Treasury for investment by school district;
6. Local governments investment pools;
7. Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281; or
8. Agreements for the repurchase of fully collateralized securities.

AVON-BY-THE-SEA SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONT'D)

Concentration of Investment Credit Risk - The District places no limit on the amount it may invest in any one issuer. At June 30, 2014, the District had no investments.

NOTE 3. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Borough of Avon-By-The-Sea Board of Education in October 2000 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by board resolution at year end (June 1 to June 30) of any unanticipated revenue or unexpended line-item appropriation amounts or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to *N.J.S.A. 19:60-2*. Pursuant to *N.J.A.C. 6:23A-5.1(d) 7*, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2013 to June 30, 2014 fiscal year is as follows:

Beginning balance, July 1, 2013	\$206,062.05
Interest earnings	744.26
Deposits	
Approved by Board resolution	75,000.00
Withdrawals	
Board resolution	<u>(.00)</u>
Ending balance, June 30, 2014	<u>\$281,806.31</u>

The June 30, 2014 LRFP balance of local support costs of uncompleted capital projects at June 30, 2014 is \$0. There were no withdrawals from the capital reserve for use in a DOE approved facilities project, consistent with the district's Long Range Facilities Plan.

NOTE 4. RECEIVABLES

Receivables at June 30, 2014, consisted of interfunds and intergovernmental accounts. All receivables are considered collectible in full. A summary of the principal items of receivables follows:

	<u>Governmental Fund Financial Statements</u>	<u>District-Wide Financial Statements</u>
State Aid	24,261.61	24,281.62
Federal Aid	17,573.00	18,038.82
Interfunds	43,730.69	18,547.30
Gross Receivables	85,565.30	60,867.74
Less: Allowance for Uncollectibles	<u>.00</u>	<u>.00</u>
Total Receivables, Net	<u>\$85,565.30</u>	<u>60,867.74</u>

AVON-BY-THE-SEA SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

NOTE 5. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2014, was as follows:

	<u>Beginning Balance</u>	<u>Transfers or Additions</u>	<u>Transfers or Retirements</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	8,800.00	.00	.00	8,800.00
Total capital assets not being depreciated	<u>8,800.00</u>	<u>.00</u>	<u>.00</u>	<u>8,800.00</u>
Capital assets being depreciated:				
Site improvements	85,742.00	.00	.00	85,742.00
Building and building improvements	7,282,855.94	.00	.00	7,282,855.94
Machinery and equipment	807,668.68	4,570.00	.00	812,238.68
Licensed vehicles	15,500.00	.00	.00	15,500.00
Total capital assets being depreciated	<u>8,191,766.62</u>	<u>4,570.00</u>	<u>.00</u>	<u>8,196,336.62</u>
Total at historical cost	<u>8,200,566.62</u>	<u>4,570.00</u>	<u>.00</u>	<u>8,205,136.62</u>
Less accumulated depreciation for:				
Site Improvements	(55,166.15)	(2,029.80)	.00	(57,195.95)
Building and improvements	(171,052.03)	(143,767.09)	.00	(314,819.12)
Machinery and equipment	(566,976.39)	(44,128.14)	.00	(611,104.53)
Licensed vehicles	(15,500.00)	.00	.00	(15,500.00)
Total accumulated depreciation	<u>(808,694.57)</u>	<u>(189,925.03)</u>	<u>.00</u>	<u>(998,619.60)</u>
Governmental activity capital assets, net	<u>\$7,391,872.05</u>	<u>(185,355.03)</u>	<u>.00</u>	<u>7,206,517.02</u>
Business-Type activities:				
Capital assets being depreciated:				
Equipment	19,105.00	.00	.00	19,105.00
Less accumulated depreciation	<u>(7,053.20)</u>	<u>(913.60)</u>	<u>.00</u>	<u>(7,966.80)</u>
Enterprise fund capital assets, net	<u>\$ 12,051.80</u>	<u>(913.60)</u>	<u>.00</u>	<u>11,138.20</u>

Depreciation expense was charged to the following governmental programs:

Instruction - Regular	12,885.18
Support Services - Administration	1,691.46
Maintenance - Custodial	531.72
Unallocated	174,816.67
Total	<u>\$189,925.03</u>

NOTE 6. LONG-TERM OBLIGATIONS:

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds.

AVON-BY-THE-SEA SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

NOTE 6. LONG-TERM OBLIGATIONS (CONT'D):

A. Long-term Obligation Activity:

Changes in long-term obligations for the year ended June 30, 2014, are as follows:

	<u>Balance</u> <u>July 1, 2013</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2014</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
Compensated absences	52,739.85	18,144.93	(2,059.75)	68,825.03	.00
Bonds	6,240,000.00	.00	(165,000.00)	6,075,000.00	170,000.00
	<u>\$6,292,739.85</u>	<u>18,144.93</u>	<u>(167,059.75)</u>	<u>6,143,825.03</u>	<u>170,000.00</u>

<u>Government Activities</u>				<u>Principal</u> <u>Balance</u> <u>June 30, 2013</u>
	<u>Issue</u> <u>Dates</u>	<u>Interest</u> <u>Rates</u>	<u>Date of</u> <u>Maturity</u>	
Bonds Payable	03/01/2006	4.25%-4.30%	03/01/2036	6,075,000.00
Total Bonds				<u>\$6,075,000.00</u>

B. Debt Service Requirements:

Debt service requirements on serial bonds payable at June 30, 2014 are as follows:

<u>Fiscal Year Ending</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	170,000.00	259,147.50	429,147.50
2016	175,000.00	251,922.50	426,922.50
2017	185,000.00	244,485.00	429,485.00
2018	195,000.00	236,622.50	431,622.50
2019-2023	1,100,000.00	1,097,262.50	2,197,262.50
2024-2028	1,360,000.00	852,675.00	2,212,675.00
2029-2033	1,685,000.00	550,075.00	2,235,075.00
2034-2036	<u>1,205,000.00</u>	<u>172,645.00</u>	<u>1,377,645.00</u>
	<u>\$6,075,000.00</u>	<u>3,664,835.00</u>	<u>9,739,835.00</u>

C. Bonds Authorized But Not Issued: The District has no authorized but not issued bonds at June 30, 2014.

NOTE 7. OPERATING LEASES

The District has two operating leases for Savin copiers, they expire September 30, 2014 and April 28, 2016. The total operating lease payments made during the year ended June 30, 2014 were \$7,982.04. Future minimum lease payments are as follows:

<u>Years Ending June 30,</u>	<u>Principal</u>
2015	5,072.97
2016	<u>3,419.40</u>
Total minimum lease payments	<u>\$8,492.37</u>

AVON-BY-THE-SEA SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

NOTE 8. FUND BALANCE APPROPRIATED

General Fund - Of the \$1,745,826.55 General Fund fund balance at June 30, 2014, \$679,401.99 has been restricted for excess surplus; \$438,534.71 has been restricted for excess surplus at June 30, 2013 and has been appropriated and included as anticipated revenue for the year ending June 30, 2015; \$281,806.31 has been restricted for the Capital Reserve Account; \$68,200.00 has been restricted for tuition adjustment in accordance with N.J.A.C. 6A:23-3.1(f)(8); \$1,232.25 of encumbrances for outstanding purchase orders have been assigned for other purposes; \$23,853.29 has been assigned to be designated for subsequent year's expenditures and included as anticipated revenue for the year ending June 30, 2015; \$252,798.00 is unassigned.

NOTE 9. CALCULATION OF EXCESS SURPLUS

In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, c.73 (S1701), the designation for Reserved Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1997 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30, if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2014 is \$679,401.99.

NOTE 10. CONTINGENT LIABILITIES

Grant Programs:

The School District participates in federal awards and state financial assistance grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The School District is potentially liable for expenditures which may be disallowed pursuant to the terms of these grant program. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

NOTE 11. PENSION PLANS

Description of Plans - All required employees of the District are covered by either the Public Employees' Retirement System, the Teachers' Pension and Annuity Fund or the Defined Contribution Retirement Program which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees' Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625 or may be accessed via the State of New Jersey Department of the Treasury, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

Teachers' Pension and Annuity Fund (TPAF) - The Teachers' Pension and Annuity Fund (TPAF) was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

Public Employees' Retirement System (PERS) - The Public Employees' Retirement System (PERS) was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered.

AVON-BY-THE-SEA SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2014

NOTE 11. PENSION PLANS (CONT'D)

Defined Contribution Retirement Program - The Defined Contribution Retirement Program ("DCRP") is a single-employer defined contribution pension fund which was established on July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et. seq.), and expanded under the provisions of Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010. The Defined Contribution Retirement Program Board oversees the DCRP, which is administered for the Division of Pensions and Benefits by Prudential Financial. The DCRP provides eligible members, and their beneficiaries, with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by N.J.S.A. 43:15C-1 et. seq.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. In addition to the employee contributions, the School District's contribution amounts for each pay period are transmitted to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

The School District's contribution, equal to the required contribution for fiscal year 2014 was \$899.16.

Vesting and Benefit Provisions - The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 55 and are generally determined to be 1/55 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest five years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System.

Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Significant Legislation - P.L. 2011, c.78, effective June 28, 2011, made various changes to the manner in which TPAF and PERS operate and to the benefit provisions of those systems.

The legislation's provisions impacting employee pension and health benefits include:

- For a new members of TPAF and PERS hired on or after June 28, 2011 (Tier 5 members), the years of creditable service needed for early retirement benefits increased from 25 to 30 years and the early retirement age increased from 55 to 65.
- The eligibility age to qualify for a service retirement in the TPAF and PERS increased from age 62 to 65 for Tier 5 members.
- It increased the TPAF and PERS active member rates from 5.5 percent of annual compensation to 6.5 percent plus an additional 1 percent phased-in over 7 years for members hired or reappointed on or after June 28, 2011. For Fiscal Year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contributions for TPAF and PERS members take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increase to current and future retirees and beneficiaries was suspended. COLA increases may be reactivated at a future date as permitted by this law.
- It changed the method for amortizing the pension system's unfunded accrued liability (from a level percent of pay method to a level dollar of pay method).

P.L. 2010, c. 1, effective May 21, 2010, made a number of changes to the State-administered retirement systems concerning eligibility, the retirement allowance formula, the definition of compensation, the positions eligible for services credit, the non-forfeitable right to a pension, the prosecutor's part of the PERS, and employer contributions to the retirement system.

AVON-BY-THE-SEA SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

NOTE 11. PENSION PLANS (CONT'D)

Significant Legislation (Cont'd):

This new legislation changed the membership eligibility criteria for new members of TPAF and PERS from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of TPAF and PERS to 1/60 from 1/55, and it provided that new members of TPAF and PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of TPAF and PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. The law also requires the State to make its full pension contribution, defined as 1/7th of the required amount, beginning in Fiscal Year 2012.

P.L. 2010, c. 2, effective May 21, 2010, also requires contributions toward and health care benefits coverage by public employees and certain retirees.

P.L. 2010, c. 3, effective May 21, 2010, replaced the accidental and ordinary disability retirement for new members of the TPAF and PERS with disability insurance coverage similar to that provided by the State to individuals enrolled in the State's Defined Contribution Retirement Program.

Contribution Requirements - The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 6.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS.

The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of the TPAF.

Three-Year Trend Information for PERS

<u>Year</u> <u>Funding</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
6/30/14	\$20,338.00	100%	\$20,338.00
6/30/13	22,215.00	100%	22,215.00
6/30/12	23,872.00	100%	23,872.00

During the fiscal years ended June 30, 2014, 2013, and 2012, the State of New Jersey contributed \$48,453.00, \$77,561.00, and \$36,723.00 respectively, excluding post-retirement medical, to the TPAF pension system on behalf of the District.

In accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$86,953.94 during the year ended June 30, 2014 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the basic financial statements, and the combining and individual fund and account group statements and schedules as a revenue and expenditure in accordance with GASB Statement No. 27.

NOTE 12. POST-RETIREMENT BENEFITS

P.L. 1987, c.384 and P.L. 1990, c.6 required Teachers' Pension and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2013, there were 100,134 retirees receiving post-retirement medical benefits and the state contributed \$1.07 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Fund of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

AVON-BY-THE-SEA SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

NOTE 12. POST-RETIREMENT BENEFITS CONT'D)

The State is also responsible for the cost attributable to P.L. 1992 c.126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$173.8 million toward Chapter 126 benefits for 17,356 eligible retired members in Fiscal Year 2013.

GASB Statement No. 45 requires certain disclosures relating to governmental entities obligations for other post-employment benefits (OPEB), which are post-employment benefits other than pensions. The District does not provide post-employment benefits other than pension. Healthcare provided to eligible TPAF and PERS board of education retirees through the NJ State Health Benefits Program are paid by the State of New Jersey and as such, no district OPEB liability exists.

NOTE 13. COMPENSATED ABSENCES

The District accounts for Compensated Absences (e.g. unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), Accounting for Compensated Absences. A liability for Compensated Absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy. Upon termination, employees are paid for accrued vacation. The District's policy permits employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement, employees shall be paid by the District for the unused sick leave in accordance with the District's agreements with the various employee unions.

The entire liability for compensated absences is reported in the District-Wide Statements of Net Position in two components - the amount due within one year and the amount due in more than one year.

NOTE 14. DEFERRED COMPENSATION

The Board offers its employees a choice of various deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the entity listed below, permits participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators are as follows:

AXA Equitable
Met Life
Equi-Vest

NOTE 15. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Property and Liability Insurance - The District maintains commercial insurance coverage for property, liability and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

AVON-BY-THE-SEA SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

NOTE 15. RISK MANAGEMENT (CONT'D)

New Jersey Unemployment Compensation Insurance - The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. The following is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's expendable trust fund for the current and previous two years:

<u>Fiscal Year</u>	<u>Interest Earnings/ District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2013-2014	\$ 5,346.52	2,983.73	17,053.65	3,856.54
2012-2013	18,154.22	3,232.84	19,469.34	12,579.94
2011-2012	628.26	2,913.85	608.63	10,662.22

NOTE 16. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund balances at June 30, 2014 consisted of the following:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund:		
Food Service Fund	15,726.21*	.00
Payroll Agency Fund	2,821.09*	.00
Debt Service Fund	.00	8,407.06
Special Revenue Fund	16,776.33	.00
Food Service Fund:		
General Fund	.00	15,726.21
Debt Service Fund:		
General Fund	8,407.06	.00
Payroll Agency Fund:		
General Fund	.00	2,821.09
Unemployment Compensation Trust	.00	3,822.31
Unemployment Compensation Trust:		
Payroll Agency Fund	3,822.31	.00
Special Revenue Fund		
General Fund	.00	16,776.33
	<u>47,553.00</u>	<u>47,553.00</u>

All of the above interfunds represent short-term loans.

*Reported as a receivable on the District-Wide statement of net position.

As of June 30, 2014, the District's operating transfers consisted of the following:

12,930.11	From the General Fund to the Enterprise Fund to cover the deficit in operations
<u>8,406.69</u>	From the Capital Projects Fund to the Debt Service Fund for interest income and to close out fund
<u>\$21,336.80</u>	

AVON-BY-THE-SEA SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

NOTE 17. INVENTORY

The District had no inventory at June 30, 2014.

NOTE 18. PRIOR PERIOD ADJUSTMENT

The District had to increase prior year accounts receivable on the Schedule of Expenditures of State Awards in the adjustment column. The cumulative effect of these adjustments has resulted in a prior period adjustments of \$7.26 for Business-Type Activities.

NOTE 19. SUBSEQUENT EVENTS

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2014 and November 16, 2014 , the date that the financial statements were available to be issued for possible disclosure and recognition in the financial statements, and no items have come to the attention of the District that would require disclosure.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

AVON SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2014

Exhibit C-1

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
REVENUES:					
Local Sources:					
Local Tax Levy	3,226,769.00	0.00	3,226,769.00	3,226,769.00	0.00
Tuition	72,000.00	0.00	72,000.00	115,675.00	43,675.00
Transportation Fees from Other LEAs	0.00	0.00	0.00	2,594.00	2,594.00
Interest Earned on Capital Reserve Funds	300.00	0.00	300.00	744.26	444.26
Miscellaneous	5,000.00	0.00	5,000.00	13,560.71	8,560.71
Total - Local Sources	3,304,069.00	0.00	3,304,069.00	3,359,342.97	55,273.97
State Sources:					
Transportation Aid	19,060.00	0.00	19,060.00	19,060.00	0.00
Special Education Categorical Aid	110,961.00	0.00	110,961.00	110,961.00	0.00
Security Aid	16,732.00	0.00	16,732.00	16,732.00	0.00
Extraordinary Special Education Costs Aid	10,000.00	0.00	10,000.00	17,717.00	7,717.00
Supplemental Enrollment Growth Aid	24,120.00	0.00	24,120.00	24,120.00	0.00
Additional Adjustment Aid	1,511.00	0.00	1,511.00	1,511.00	0.00
Reimbursed Nonpublic School Transportation Costs Aid	0.00	0.00	0.00	2,305.00	2,305.00
TPAF - Post Retirement Medical (On-Behalf - Non-Budgeted)	0.00	0.00	0.00	79,446.00	79,446.00
Teacher's Pension & Annuity Fund (On-Behalf - Non-Budgeted)	0.00	0.00	0.00	48,453.00	48,453.00
Reimbursed TPAF Social Security Contributions (Non-Budgeted)	0.00	0.00	0.00	86,953.94	86,953.94
Total State Sources	182,384.00	0.00	182,384.00	407,258.94	224,874.94
Total Revenues	3,486,453.00	0.00	3,486,453.00	3,766,601.91	280,148.91
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	75,148.00	25.20	75,173.20	74,873.20	300.00
Grades 1-5 - Salaries of Teachers	404,230.00	31,001.38	435,231.38	425,431.00	9,800.38
Grades 6-8 - Salaries of Teachers	259,287.00	22,193.17	281,480.17	279,555.77	1,924.40
Regular Programs - Home Instruction:					
Salaries of Teachers	500.00	5,194.00	5,694.00	5,694.00	0.00
Purchased Professional-Educational Services	500.00	0.00	500.00	0.00	500.00
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	0.00	9,350.00	9,350.00	9,090.07	259.93
Purchased Professional - Educational Services	0.00	816.00	816.00	750.00	66.00
Purchased Technical Services	10,000.00	(2,000.00)	8,000.00	875.00	7,125.00
Other Purchased Services (400-500 series)	10,500.00	0.00	10,500.00	5,108.78	5,391.22
General Supplies	208,680.00	(22,347.20)	186,332.80	147,181.46	39,151.34
Textbooks	19,094.00	0.00	19,094.00	5,920.27	13,173.73
Other Objects	34,086.00	14,027.50	48,113.50	38,093.40	10,020.10
TOTAL REGULAR PROGRAMS - INSTRUCTION	1,022,025.00	58,260.05	1,080,285.05	992,572.95	87,712.10
SPECIAL EDUCATION - INSTRUCTION					
Multiple Disabilities:					
Salaries of Teachers	62,120.00	(62,120.00)	0.00	0.00	0.00
Other Salaries for Instruction	3,744.00	(3,744.00)	0.00	0.00	0.00
Purchased Professional - Educational Services	816.00	(816.00)	0.00	0.00	0.00
General Supplies	750.00	(750.00)	0.00	0.00	0.00
Other Objects	500.00	(500.00)	0.00	0.00	0.00
Total Multiple Disabilities	67,930.00	(67,930.00)	0.00	0.00	0.00
TOTAL SPECIAL EDUCATION - INSTRUCTION	67,930.00	(67,930.00)	0.00	0.00	0.00

See Management's Discussion and Analysis of this report for explanation of significant budget variances, original and final.

AVON SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2014

Exhibit C-1

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
Expenditures (continued)					
School-Spon. Cocurricular Actvts. - Inst.					
Salaries	8,791.00	0.00	8,791.00	6,305.28	2,485.72
Other Objects	3,750.00	574.16	4,324.16	0.00	4,324.16
Total School-Spon. Cocurricular Actvts. - Inst.	12,541.00	574.16	13,115.16	6,305.28	6,809.88
School-Spon. Cocurricular Athletics - Inst.					
Salaries	22,044.00	3,646.50	25,690.50	25,690.50	0.00
Purchased Services (300-500 series)	6,865.00	(2,443.00)	4,422.00	4,422.00	0.00
Supplies and Materials	6,000.00	(1,921.10)	4,078.90	2,701.99	1,376.91
Other Objects	2,100.00	717.60	2,817.60	2,817.60	0.00
Total School-Spon. Cocurricular Athletics - Inst.	37,009.00	0.00	37,009.00	35,632.09	1,376.91
Other Supplemental/At-Risk Programs - Instruction					
Salaries of Teachers	19,274.00	0.00	19,274.00	2,754.00	16,520.00
Salaries of Reading Specialists	40,628.00	0.00	40,628.00	35,877.08	4,750.92
General Supplies	800.00	0.00	800.00	0.00	800.00
Total Other Supplemental/At-Risk Programs - Instruction	60,702.00	0.00	60,702.00	38,631.08	22,070.92
TOTAL INSTRUCTION AND AT-RISK PROGRAMS	1,200,207.00	(9,095.79)	1,191,111.21	1,073,141.40	117,969.81
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs Within the State - Regular	425,518.00	49,549.52	475,067.52	475,067.52	0.00
Tuition to Other LEAs Within the State - Special	142,300.00	(66,873.82)	75,426.18	47,139.29	28,286.89
Tuition to County Voc. School Dist. - Regular	84,000.00	0.00	84,000.00	76,700.00	7,300.00
Tuition to Private Schools for the Disabled - Within State	149,295.00	0.00	149,295.00	123,176.12	26,118.88
Tuition to Priv Sch Disabled & Oth LEA's-Spl.O/S St	31,365.00	(2,809.95)	28,555.05	0.00	28,555.05
Total Undistributed Expenditures - Instruction:	832,478.00	(20,134.25)	812,343.75	722,082.93	90,260.82
Undistributed Expend. - Attend. & Social Work					
Salaries	34,087.00	3,908.71	37,995.71	37,995.71	0.00
Total Undistributed Expend. - Attend. & Social Work	34,087.00	3,908.71	37,995.71	37,995.71	0.00
Undist. Expend. - Health Services					
Salaries	64,200.00	863.13	65,063.13	65,063.13	0.00
Purchased Professional Services	0.00	1,212.95	1,212.95	1,212.95	0.00
Supplies and Materials	2,500.00	580.44	3,080.44	2,984.79	95.65
Other Objects	0.00	25.00	25.00	25.00	0.00
Total Undistributed Expenditures - Health Services	66,700.00	2,681.52	69,381.52	69,285.87	95.65
Undist. Expend. - Speech, OT, PT, & Related Services					
Salaries	23,713.00	0.00	23,713.00	20,447.92	3,265.08
Supplies and Materials	500.00	0.00	500.00	0.00	500.00
Total Undist. Exp. - Speech, OT, PT & Related Services	24,213.00	0.00	24,213.00	20,447.92	3,765.08
Undist. Expend. - Other Supp. Serv. Students - Extra. Serv.					
Salaries	100,780.00	(338.75)	100,441.25	50,980.25	49,461.00
Total Undist. Expend. - Other Supp. Serv. Students - Extra. Serv.	100,780.00	(338.75)	100,441.25	50,980.25	49,461.00
Undist. Expend. - Child Study Teams					
Salaries of Other Professional Staff	41,728.00	0.00	41,728.00	41,727.48	0.52
Salaries of Secretarial and Clerical Assistants	34,087.00	485.26	34,572.26	34,572.26	0.00
Other Salaries	49,495.00	0.00	49,495.00	47,224.90	2,270.10
Purchased Professional - Educational Services	27,000.00	(485.26)	26,514.74	2,600.00	23,914.74
Other Purchased Professional and Technical Services	2,500.00	(4.63)	2,495.37	0.00	2,495.37
Other Objects	150.00	4.63	154.63	154.63	0.00
Total Undist. Expend. - Child Study Teams	154,960.00	0.00	154,960.00	126,279.27	28,680.73
Undist. Expend. - Improvement of Inst. Serv.					
Salaries of Supervisor of Instruction	41,728.00	0.00	41,728.00	41,727.52	0.48
Salaries of Other Professional Staff	8,280.00	(25.95)	8,254.05	5,160.19	3,093.86
Salaries of Secretarial and Clerical Assistants	9,739.00	25.95	9,764.95	9,764.95	0.00
Other Objects	1,050.00	0.00	1,050.00	820.00	230.00
Total Undist. Expend. - Improvement of Inst. Serv.	60,797.00	0.00	60,797.00	57,472.66	3,324.34
Undist. Expend. - Edu. Media Serv./Sch. Library					
Salaries	38,828.00	(2,195.00)	36,633.00	35,717.03	915.97
Salaries of Technology Coordinators	10,750.00	4,195.00	14,945.00	14,945.00	0.00
Supplies and Materials	3,234.00	0.00	3,234.00	2,789.14	444.86
Total Undist. Expend. - Edu. Media Serv./Sch. Library	52,812.00	2,000.00	54,812.00	53,451.17	1,360.83
Undist. Expend. - Instr. Staff Training Services					
Salaries of Other Professional Staff	2,420.00	525.79	2,945.79	2,945.79	0.00
Purchased Professional - Educational Services	2,250.00	5,150.00	7,400.00	7,400.00	0.00
Total Undist. Expend. - Instr. Staff Training Services	4,670.00	5,675.79	10,345.79	10,345.79	0.00

See Management's Discussion and Analysis of this report for explanation of significant budget variances, original and final.

AVON SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2014

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
Expenditures (continued)					
Undist. Expend. - Supp. Serv. - General Admin.					
Salaries	116,650.00	0.00	116,650.00	114,750.00	1,900.00
Legal Services	4,500.00	(860.58)	3,639.42	2,024.50	1,614.92
Audit Fees	10,750.00	0.00	10,750.00	10,750.00	0.00
Architectural/Engineering Services	0.00	950.00	950.00	950.00	0.00
Other Purchased Professional Services	0.00	2,500.00	2,500.00	2,500.00	0.00
Communications/Telephone	12,000.00	(2,589.42)	9,410.58	9,410.58	0.00
General Supplies	500.00	(267.15)	232.85	69.90	162.95
Miscellaneous Expenditures	7,645.00	(532.85)	7,112.15	4,874.20	2,237.95
BOE Membership Dues and Fees	2,600.00	0.00	2,600.00	2,427.73	172.27
Total Undist. Expend. - Supp. Serv. - General Admin.	154,645.00	(800.00)	153,845.00	147,756.91	6,088.09
Undist. Expend.-Support Serv.-School Admin.					
Salaries of Other Professional Staff	0.00	14,800.00	14,800.00	14,800.00	0.00
Total Undist. Expend.-Support Serv.-School Admin.	0.00	14,800.00	14,800.00	14,800.00	0.00
Undistributed Expenditures - Central Services					
Salaries	35,808.00	1,942.00	37,750.00	37,750.00	0.00
Purchased Technical Services	250.00	0.00	250.00	0.00	250.00
Supplies and Materials	500.00	0.00	500.00	0.00	500.00
Total Undistributed Expenditures - Central Services	36,558.00	1,942.00	38,500.00	37,750.00	750.00
Undist. Expend. - Required Maintenance for School Facilities					
Cleaning, Repair, and Maintenance Services	33,357.00	21,168.00	54,525.00	44,907.98	9,617.02
Total Undist. Expend. - Required Maintenance for School Facilities	33,357.00	21,168.00	54,525.00	44,907.98	9,617.02
Undist. Expend. - Custodial Services					
Salaries	69,998.00	(500.00)	69,498.00	66,982.20	2,515.80
Salaries of Non-Instructional Aides	0.00	8,227.00	8,227.00	8,129.58	97.42
Purchased Professional and Technical Services	15,000.00	(3,100.00)	11,900.00	231.25	11,668.75
Cleaning, Repair and Maintenance Services	16,000.00	1,753.63	17,753.63	4,934.00	12,819.63
Other Purchased Property Services	7,500.00	3,000.00	10,500.00	5,158.30	5,341.70
Insurance	24,901.00	0.00	24,901.00	23,881.50	1,019.50
General Supplies	18,000.00	0.00	18,000.00	9,857.39	8,142.61
Energy (Natural Gas)	30,000.00	0.00	30,000.00	22,622.42	7,377.58
Energy (Electricity)	42,000.00	0.00	42,000.00	36,840.63	5,159.37
Other Objects	2,700.00	0.00	2,700.00	204.95	2,495.05
Total Undist. Expend. - Custodial Services	226,099.00	9,380.63	235,479.63	178,842.22	56,637.41
Undist. Expend. - Care & Upkeep of Grounds					
Purchased Professional and Technical Services	2,500.00	100.00	2,600.00	2,600.00	0.00
Cleaning, Repair and Maintenance Services	1,096.00	(100.00)	996.00	577.39	418.61
Total Undist. Expend. - Care & Upkeep of Grounds	3,596.00	0.00	3,596.00	3,177.39	418.61
Undist. Expend. - Security					
Purchased Professional and Technical Services	1,000.00	0.00	1,000.00	0.00	1,000.00
General Supplies	10,150.00	(5,046.80)	5,103.20	0.00	5,103.20
Total Undist. Expend. - Security	11,150.00	(5,046.80)	6,103.20	0.00	6,103.20
Total Undist. Expend. - Oper. & Maint. Of Plant	274,202.00	25,501.83	299,703.83	226,927.59	72,776.24
Undist. Expend. - Student Transportation Serv.					
Sal. For Pup.Trans. (Bet. Home and School) - Regular	19,478.00	0.00	19,478.00	18,381.24	1,096.76
Contracted Services - Aid In Lieu of Payment for Non-Public Students	4,569.00	(1,033.00)	3,536.00	3,536.00	0.00
Contract Services (Other than Between Home & School)-Vendors	12,995.00	(3,987.33)	9,007.67	9,007.67	0.00
Contract Services - (Between Home and Sch.) - Joint Agrmts	30,520.00	(6,454.88)	24,065.12	24,065.12	0.00
Contract Services - (Sp. Ed. Stds) - Joint Agrmts	13,448.00	(13,448.00)	0.00	0.00	0.00
Contr Serv (Regular Students) - ESCs & CTSA's	26,717.00	13,486.22	40,203.22	40,203.22	0.00
Contr Serv (Spl. Ed. Students) - ESCs & CTSA's	20,000.00	16,412.29	36,412.29	36,412.29	0.00
Other Objects	0.00	71.50	71.50	71.50	0.00
Total Undist. Expend. - Student Transportation Serv.	127,727.00	5,046.80	132,773.80	131,677.04	1,096.76
Regular Programs - Instruction - Employee Benefits					
Other Retirement Contributions	2,000.00	0.00	2,000.00	899.16	1,100.84
Unemployment Benefits	20,000.00	0.00	20,000.00	5,323.63	14,676.37
Health Benefits	184,023.00	20,390.94	204,413.94	162,682.18	41,731.76
Tuition Reimbursement	19,000.00	(300.00)	18,700.00	10,789.50	7,910.50
Other Employee Benefits	0.00	300.00	300.00	300.00	0.00
Total Regular Programs - Instruction	225,023.00	20,390.94	245,413.94	179,994.47	65,419.47

See Management's Discussion and Analysis of this report for explanation of significant budget variances, original and final.

AVON SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2014

Exhibit C-1

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
Expenditures (continued)					
Special Programs - Instruction - Employee Benefits					
Health Benefits	21,113.00	(21,113.00)	0.00	0.00	0.00
Total Special Programs - Instruction	21,113.00	(21,113.00)	0.00	0.00	0.00
Other Instructional Programs - Instruction - Employee Benefits					
Health Benefits	26,884.00	0.00	26,884.00	8,253.64	18,630.36
Total Other Instructional Programs - Instruction	26,884.00	0.00	26,884.00	8,253.64	18,630.36
Attendance and Social Work Services - Employee Benefits					
Health Benefits	24,024.00	(72.00)	23,952.00	9,646.65	14,305.35
Total Attendance and Social Work Services	24,024.00	(72.00)	23,952.00	9,646.65	14,305.35
Health Services - Employee Benefits					
Health Benefits	16,285.00	(348.64)	15,936.36	15,586.80	349.56
Total Health Services	16,285.00	(348.64)	15,936.36	15,586.80	349.56
Other Support Services - Students - Extraordinary Services - Employee Benefits					
Health Benefits	20,352.00	0.00	20,352.00	8,484.56	11,867.44
Total Support Services - Students - Extraordinary Services	20,352.00	0.00	20,352.00	8,484.56	11,867.44
Other Support Services - Child Study Team - Employee Benefits					
Health Benefits	54,678.00	0.00	54,678.00	52,016.84	2,661.16
Total Support Services - Child Study Team	54,678.00	0.00	54,678.00	52,016.84	2,661.16
Improvement of Instruction Services - Employee Benefits					
Health Benefits	600.00	72.00	672.00	351.46	320.54
Total Improvement of Instruction Services	600.00	72.00	672.00	351.46	320.54
Support Services - General Administration - Employee Benefits					
Health Benefits	18,498.00	(709.63)	17,788.37	13,102.40	4,685.97
Other Employee Benefits	0.00	1,361.52	1,361.52	1,361.52	0.00
Total Support Services - General Administration	18,498.00	651.89	19,149.89	14,463.92	4,685.97
Operation and Maintenance of Plant Services - Employee Benefits					
Health Benefits	27,237.00	0.00	27,237.00	8,487.32	18,749.68
Total Operation and Maintenance of Plant Services -	27,237.00	0.00	27,237.00	8,487.32	18,749.68
TOTAL ALLOCATED BENEFITS	434,694.00	(418.81)	434,275.19	297,285.66	136,989.53
UNALLOCATED BENEFITS					
Social Security Contributions	21,000.00	8,666.30	29,666.30	28,559.14	1,107.16
Other Retirement Contributions - Regular	26,162.00	(5,824.00)	20,338.00	20,338.00	0.00
Workmen's Compensation	23,000.00	(4,082.88)	18,917.12	18,917.12	0.00
TOTAL UNALLOCATED BENEFITS	70,162.00	(1,240.58)	68,921.42	67,814.26	1,107.16
On-behalf TPAF Pension Contributions (non-budgeted)	0.00	0.00	0.00	48,453.00	(48,453.00)
On-behalf TPAF OPEB (Post Retire. Medical) Contrib. (non-bud)	0.00	0.00	0.00	79,446.00	(79,446.00)
Reimbursed TPAF Social Security Contributions (non-budgeted)	0.00	0.00	0.00	86,953.94	(86,953.94)
TOTAL ON-BEHALF CONTRIBUTIONS	0.00	0.00	0.00	214,852.94	(214,852.94)
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	504,856.00	(1,659.39)	503,196.61	579,952.86	(76,756.25)
TOTAL UNDISTRIBUTED EXPENDITURES	2,429,485.00	38,624.26	2,468,109.26	2,287,205.97	180,903.29
TOTAL GENERAL CURRENT EXPENSE	3,629,692.00	29,528.47	3,659,220.47	3,360,347.37	298,873.10

See Management's Discussion and Analysis of this report for explanation of significant budget variances, original and final.

AVON SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2014

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
Expenditures (continued)					
CAPITAL OUTLAY					
Facilities Acquisition & Construction Services:					
Construction Services	215,000.00	0.00	215,000.00	0.00	215,000.00
Assessment for Debt Service on SDA Funding	83.00	0.00	83.00	54.00	29.00
Total Facilities & Construction Services	215,083.00	0.00	215,083.00	54.00	215,029.00
TOTAL CAPITAL OUTLAY	215,083.00	0.00	215,083.00	54.00	215,029.00
TOTAL EXPENDITURES	3,844,775.00	29,528.47	3,874,303.47	3,360,401.37	513,902.10
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	(358,322.00)	(29,528.47)	(387,850.47)	406,200.54	794,051.01
Other Financing Sources (Uses):					
Operating Transfer In (Out):					
Transfer to Food Service Fund	(21,835.00)	(3,345.06)	(25,180.06)	(12,930.11)	12,249.95
Transfer from Capital Projects Fund		0.00			0.00
Total Other Financing Sources (Uses):	(21,835.00)	(3,345.06)	(25,180.06)	(12,930.11)	12,249.95
Excess (Deficiency) of Revenues and Other Financing Sources					
Over (Under) Expenditures and Other Financing Uses	(380,157.00)	(32,873.53)	(413,030.53)	393,270.43	806,300.96
Fund Balance, July 1	1,369,780.12	0.00	1,369,780.12	1,369,780.12	0.00
Fund Balance, June 30	989,623.12	(32,873.53)	956,749.59	1,763,050.55	806,300.96
Recapitulation:					
Restricted Fund Balance:					
Excess Surplus - Designated for Subsequent Year's Expenditures				438,534.71	
Excess Surplus - Current Year				679,401.99	
Capital Reserve				281,806.31	
Tuition Reserve				68,200.00	
Assigned Fund Balance:					
Year-end Encumbrances				1,232.25	
Designated for Subsequent Year's Expenditures				23,853.29	
Unassigned Fund Balance				270,022.00	
				1,763,050.55	
Reconciliation to Governmental Funds Statements (GAAP):					
Last Two State Aid Payment not recognized on GAAP basis				(17,224.00)	
Fund Balance per Governmental Funds (GAAP)				1,745,826.55	

See Management's Discussion and Analysis of this report for explanation of significant budget variances, original and final.

AVON-BY-THE-SEA SCHOOL DISTRICT
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources	.00	1,400.00	1,400.00	1,400.00	.00
State Sources	.00	.00	.00	.00	.00
Federal Sources	<u>34,480.00</u>	<u>11,589.00</u>	<u>46,069.00</u>	<u>45,113.00</u>	<u>956.00</u>
Total Revenues	<u>34,480.00</u>	<u>12,989.00</u>	<u>47,469.00</u>	<u>46,513.00</u>	<u>956.00</u>
EXPENDITURES:					
Instruction					
Purchased Technical Services	.00	1,200.00	1,200.00	1,200.00	.00
Other Purchased Services	.00	17,417.91	17,417.91	17,417.91	.00
General Supplies	<u>3,115.00</u>	<u>2,003.00</u>	<u>5,118.00</u>	<u>4,162.00</u>	<u>956.00</u>
Total Instruction	<u>3,115.00</u>	<u>20,620.91</u>	<u>23,735.91</u>	<u>22,779.91</u>	<u>956.00</u>
Support Services					
Purchased Professional & Technical Services	<u>31,365.00</u>	<u>(7,631.91)</u>	<u>23,733.09</u>	<u>23,733.09</u>	<u>.00</u>
Total Support Services	<u>31,365.00</u>	<u>(7,631.91)</u>	<u>23,733.09</u>	<u>23,733.09</u>	<u>.00</u>
Total Expenditures	<u>34,480.00</u>	<u>12,989.00</u>	<u>47,469.00</u>	<u>46,513.00</u>	<u>956.00</u>
Total Outflows	<u>34,480.00</u>	<u>12,989.00</u>	<u>47,469.00</u>	<u>46,513.00</u>	<u>956.00</u>
Excess (Deficiency) of Revenues Over (Under)					
Expenditures & Other Financing					
Sources (Uses)	<u>\$.00</u>	<u>.00</u>	<u>.00</u>	<u>.00</u>	<u>.00</u>

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

AVON-BY-THE-SEA SCHOOL DISTRICT
Notes to Required Supplementary Information
Budget-to-GAAP Reconciliation
For the Fiscal Year Ended June 30, 2014

Note A - Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/inflows of resources		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	3,766,601.91	46,513.00
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Encumbrances, June 30, 2013	.00	.00
Encumbrances, June 30, 2014	.00	(.00)
State aid payments recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	14,812.00	.00
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	<u>(17,224.00)</u>	<u>(.00)</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>3,764,189.91</u>	<u>46,513.00</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	3,360,401.37	46,513.00
Differences - budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Encumbrances, June 30, 2013	.00	.00
Encumbrances, June 30, 2014	.00	(.00)
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes.		
Net transfers (outflows) to general fund.	<u>.00</u>	<u>.00</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$3,360,401.37</u>	<u>46,513.00</u>

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND DETAIL STATEMENTS

The Special Revenue Fund is used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

AVON-BY-THE-SEA SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Revenues and Expenditures
Budgetary Basis
For the Fiscal Year Ended June 30, 2014

	<u>I.D.E.A. - Part B</u>				<u>Title I Part A Carryover</u>	<u>No Child Left Behind</u>		<u>Totals</u>
	<u>Basic</u>	<u>Basic Carryover</u>	<u>Preschool</u>	<u>Preschool Carryover</u>		<u>Title II Part A</u>	<u>Library Donations (JD Fund)</u>	
REVENUES:								
Local Sources	.00	.00	.00	.00	.00	.00	1,400.00	1,400.00
State Sources	.00	.00	.00	.00	.00	.00	.00	.00
Federal Sources	<u>38,327.00</u>	<u>557.00</u>	<u>1,080.00</u>	<u>1,187.00</u>	.00	<u>3,962.00</u>	.00	<u>45,113.00</u>
Total Revenues	<u>38,327.00</u>	<u>557.00</u>	<u>1,080.00</u>	<u>1,187.00</u>	.00	<u>3,962.00</u>	<u>1,400.00</u>	<u>46,513.00</u>
EXPENDITURES:								
Instruction:								
Purchased Technical Services	.00	.00	.00	.00	.00	.00	1,200.00	1,200.00
Other Purchased Services	<u>14,593.91</u>	<u>557.00</u>	<u>1,080.00</u>	<u>1,187.00</u>	.00	.00	.00	<u>17,417.91</u>
General Supplies	<u>.00</u>	<u>.00</u>	<u>.00</u>	<u>.00</u>	.00	<u>3,962.00</u>	<u>200.00</u>	<u>4,162.00</u>
Total Instruction	<u>14,593.91</u>	<u>557.00</u>	<u>1,080.00</u>	<u>1,187.00</u>	.00	<u>3,962.00</u>	<u>1,400.00</u>	<u>22,779.91</u>
Support Services:								
Purchased Professional and Technical Services	<u>23,733.09</u>	<u>.00</u>	<u>.00</u>	<u>.00</u>	.00	.00	.00	<u>23,733.09</u>
Total Support Services	<u>23,733.09</u>	<u>.00</u>	<u>.00</u>	<u>.00</u>	.00	.00	.00	<u>23,733.09</u>
Total Expenditures	<u>38,327.00</u>	<u>557.00</u>	<u>1,080.00</u>	<u>1,187.00</u>	.00	<u>3,962.00</u>	<u>1,400.00</u>	<u>46,513.00</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$.00</u>	<u>.00</u>	<u>.00</u>	<u>.00</u>	.00	.00	.00	<u>.00</u>

CAPITAL PROJECTS FUND DETAIL STATEMENTS

The Capital Projects Fund is used to account for acquisition and construction of major capital facilities and equipment purchases other than those financed by proprietary funds.

AVON-BY-THE-SEA SCHOOL DISTRICT
Capital Projects Fund
Summary Schedule of Project Expenditures
For the Fiscal Year Ended June 30, 2014

<u>Project Title/Issue</u>	<u>Approval Date</u>	<u>Revised Budgetary Appropriations</u>	<u>GAAP</u>		<u>Unexpended Appropriations 06/30/2014</u>
			<u>Prior Years</u>	<u>Expenditures to Date Current Year</u>	
Construct an Addition and Renovate the Avon Elementary School/School District Bonds	12/13/2005	<u>\$7,200,721.00</u>	<u>7,191,595.97</u>	<u>.00</u>	<u>9,125.03</u>

AVON-BY-THE-SEA SCHOOL DISTRICT**Capital Projects Fund****Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budgetary Basis**
For the Fiscal Year Ended June 30, 2014**Revenue and Other Financing Sources:**

Bond Proceeds and Transfers	.00
Transfer From Capital Reserve	.00
Transfer From Capital Outlay	.00
Interest Earned	<u>2.66</u>
Total Revenues	<u>2.66</u>

Expenditures and Other Financing Uses:

Legal Services	.00
Other Purchased Professional Services	.00
Construction Services	.00
General Supplies	.00
Land and Improvements	.00
Equipment Purchases	.00
Other Objects	<u>.00</u>
Total Expenditures	<u>.00</u>

Excess (Deficiency) of Revenue Over Expenditures	<u>2.66</u>
--	-------------

Other Financing Uses:

Transfer Out - Debt Service Fund	<u>(8,406.69)</u>
Total Other Financing Uses	<u>(8,406.69)</u>

Excess (Deficiency) of Revenues and Other Financing Uses Over Expenditures	<u>(8,404.03)</u>
---	-------------------

Fund Balance - July 1	<u>8,404.03</u>
-----------------------	-----------------

Fund Balance - June 30	<u>\$.00</u>
------------------------	---------------

AVON-BY-THE-SEA SCHOOL DISTRICT**Capital Projects Fund**

Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis
Construct an Addition and Renovate the Avon Elementary School
From Inception and For the Year Ended June 30, 2014

	<u>Prior Periods</u>	<u>Current Period</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources:				
Bond Proceeds and Transfers	7,200,000.00	.00	7,200,000.00	7,200,000.00
Transfer From Capital Reserve	.00	.00	.00	.00
Transfer From Capital Outlay	<u>.00</u>	<u>.00</u>	<u>.00</u>	<u>721.00</u>
Total Revenues	<u>7,200,000.00</u>	<u>.00</u>	<u>7,200,000.00</u>	<u>7,200,721.00</u>
Expenditures and Other Financing Uses:				
Legal Services	7,010.46	.00	7,010.46	7,010.46
Other Purchased Professional Services	861,401.90	.00	861,401.90	861,401.90
Construction Services	178,096.53	.00	178,096.53	185,856.76
General Supplies	6,699.57	.00	6,699.57	6,699.57
Land and Improvements	5,902,351.61	.00	5,902,351.61	5,903,716.41
Equipment Purchases	202,027.16	.00	202,027.16	202,027.16
Other Objects	<u>34,008.74</u>	<u>.00</u>	<u>34,008.74</u>	<u>34,008.74</u>
Total Expenditures	<u>7,191,595.97</u>	<u>.00</u>	<u>7,191,595.97</u>	<u>7,200,721.00</u>
Excess of Revenue Over Expenditures	<u>\$ 8,404.03</u>	<u>.00</u>	<u>8,404.03</u>	<u>.00</u>

Additional Project Information:

Project Number	0180-010-05-1000
Grant Date/Letter of Notification	11/01/2005
Bond Authorization/Referendum Date	12/13/2005
Bonds Authorized	\$7,200,000.00
Bonds Issued	\$7,200,000.00
Original Project Authorized Cost	\$7,200,721.00
Additional Authorized Cost	\$.00
Revised Authorized Cost	\$7,200,721.00
Percentage Increase Over	
Original Authorized Cost	0%
Percentage Completion	100%
Original Target Completion Date	11/30/2007
Actual Completion Date	04/15/2013

FIDUCIARY FUNDS DETAIL STATEMENTS

Fiduciary Funds are used to account for funds received by the school district for a specific purpose.

Agency Funds are used to account for assets held by the school district as an agent for individuals, private organizations, other governments and/or other funds.

Payroll Fund - This agency fund is used to account for the payroll transactions of the school district.

AVON-BY-THE-SEA SCHOOL DISTRICT
Combining Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2014

	<u>Unemployment Compensation Trust</u>	<u>Agency Fund</u>	<u>Totals</u>
ASSETS:			
Cash and Cash Equivalents	34.23	8,047.66	8,081.89
Accounts Receivable:			
State of N.J. - Payroll Taxes	.00	302.96	302.96
Interfunds Receivable	<u>3,822.31</u>	<u>.00</u>	<u>3,822.31</u>
Total Assets	<u>3,856.54</u>	<u>8,350.62</u>	<u>12,207.16</u>
LIABILITIES:			
Payroll Deductions and Withholdings	.00	1,707.22	1,707.22
Interfunds Payable	<u>.00</u>	<u>6,643.40</u>	<u>6,643.40</u>
Total Liabilities	<u>.00</u>	<u>8,350.62</u>	<u>8,350.62</u>
NET POSITION:			
Held in Trust for Unemployment Claims and Other Purposes	<u>3,856.54</u>		<u>3,856.54</u>
Total Net Position	<u>\$3,856.54</u>		<u>12,207.16</u>

AVON-BY-THE-SEA SCHOOL DISTRICT
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2014

	<u>Unemployment Compensation Trust</u>	<u>Totals</u>
ADDITIONS:		
Contribution:		
Plan Members	2,983.73	2,983.73
Board	<u>5,323.63</u>	<u>5,323.63</u>
Total Contributions	<u>8,307.36</u>	<u>8,307.36</u>
Investment Earnings:		
Interest	<u>22.89</u>	<u>22.89</u>
Net Investment Earnings	<u>22.89</u>	<u>22.89</u>
Total Additions	<u>8,330.25</u>	<u>8,330.25</u>
DEDUCTIONS:		
Unemployment Claims	17,053.65	17,053.65
Total Deductions	<u>17,053.65</u>	<u>17,053.65</u>
Change in Net Position	(8,723.40)	(8,723.40)
Net Position - Beginning of Year	<u>12,579.94</u>	<u>12,579.94</u>
Net Position - End of Year	<u>\$ 3,856.54</u>	<u>3,856.54</u>

AVON-BY-THE-SEA SCHOOL DISTRICT
Schedule of Receipts and Disbursements
Payroll Agency Fund
For the Fiscal Year Ended June 30, 2014

	<u>Balance</u> <u>July 1, 2013</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2014</u>
Payroll Deductions and Withholdings	(1,441.17)	681,440.70	(678,595.27)	1,404.26
Interfunds	<u>3,107.66</u>	<u>3,535.74</u>	<u>(.00)</u>	<u>6,643.40</u>
Totals	<u>\$ 1,666.49</u>	<u>684,976.44</u>	<u>(678,595.27)</u>	<u>8,047.66</u>

LONG-TERM DEBT SCHEDULES

The Long-Term Debt Schedules are used to reflect the outstanding principal balances of the general long-term liabilities of the school district. This includes serial bonds outstanding.

AVON-BY-THE-SEA SCHOOL DISTRICTLong-Term DebtSchedule of Bonds PayableYear Ended June 30, 2014

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance</u>	<u>Retired</u>	<u>Balance</u>
			<u>Date</u>	<u>Amount</u>		<u>July 1, 2013</u>		<u>June 30, 2014</u>
School District Bonds	March 1, 2006	\$7,200,000.00	03/01/2015	170,000.00	4.25%	<u>\$6,240,000.00</u>	<u>165,000.00</u>	<u>6,075,000.00</u>
			03/01/2016	175,000.00	4.25%			
			03/01/2017	185,000.00	4.25%			
			03/01/2018	195,000.00	4.25%			
			03/01/2019	200,000.00	4.25%			
			03/01/2020	210,000.00	4.25%			
			03/01/2021	220,000.00	4.25%			
			03/01/2022	230,000.00	4.25%			
			03/01/2023	240,000.00	4.25%			
			03/01/2024	250,000.00	4.25%			
			03/01/2025	260,000.00	4.25%			
			03/01/2026	270,000.00	4.25%			
			03/01/2027	285,000.00	4.25%			
			03/01/2028	295,000.00	4.25%			
			03/01/2029	310,000.00	4.25%			
			03/01/2030	325,000.00	4.25%			
			03/01/2031	335,000.00	4.25%			
			03/01/2032	350,000.00	4.30%			
			03/01/2033	365,000.00	4.30%			
			03/01/2034	385,000.00	4.30%			
			03/01/2035	400,000.00	4.30%			
			03/01/2036	420,000.00	4.30%			

AVON-BY-THE-SEA SCHOOL DISTRICT
Budgetary Comparison Schedule
Debt Service Fund
For the Fiscal Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	331,576.00	.00	331,576.00	331,576.00	.00
State Sources:					
Debt Service Aid	<u>99,583.00</u>	<u>.00</u>	<u>99,583.00</u>	<u>99,583.00</u>	<u>.00</u>
Total State Sources	<u>431,159.00</u>	<u>.00</u>	<u>431,159.00</u>	<u>431,159.00</u>	<u>.00</u>
Total Revenues	<u>431,159.00</u>	<u>.00</u>	<u>431,159.00</u>	<u>431,159.00</u>	<u>.00</u>
EXPENDITURES:					
Regular Debt Service:					
Interest	266,160.00	.00	266,160.00	266,160.00	.00
Redemption of Principal	<u>165,000.00</u>	<u>.00</u>	<u>165,000.00</u>	<u>165,000.00</u>	<u>.00</u>
Total Regular Debt Service	<u>431,160.00</u>	<u>.00</u>	<u>431,160.00</u>	<u>431,160.00</u>	<u>.00</u>
Total Expenditures	<u>431,160.00</u>	<u>.00</u>	<u>431,160.00</u>	<u>431,160.00</u>	<u>.00</u>
Excess (Deficiency) of Revenues Under Expenditures	<u>(1.00)</u>	<u>.00</u>	<u>(1.00)</u>	<u>(1.00)</u>	<u>.00</u>
Other Financing Sources (Uses):					
Transfers In:					
Capital Projects Fund	<u>.00</u>	<u>.00</u>	<u>.00</u>	<u>8,406.69</u>	<u>8,406.69</u>
Total Other Financing Sources	<u>.00</u>	<u>.00</u>	<u>.00</u>	<u>8,406.69</u>	<u>8,406.69</u>
Excess (Deficiency) of Revenues and Other Financing Sources Under Expenditures	<u>(1.00)</u>	<u>.00</u>	<u>(1.00)</u>	<u>8,405.69</u>	<u>8,406.69</u>
Fund Balance - July 1	<u>1.37</u>	<u>.00</u>	<u>1.37</u>	<u>1.37</u>	<u>.00</u>
Fund Balance - June 30	<u>\$.37</u>	<u>.00</u>	<u>.37</u>	<u>8,407.06</u>	<u>8,406.69</u>

STATISTICAL SECTION (Unaudited)

AVON-BY-THE-SEA SCHOOL DISTRICT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(accrual basis of accounting)

UNAUDITED

	Fiscal Year Ending June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental Activities										
Invested in capital assets, net of related debt	\$ 101,600	\$ 98,235	\$ 85,249	\$ 202,176	\$ 155,003	\$ 779,897	\$ 928,016	\$ 980,521	\$ 1,160,276	\$ 1,131,517
Restricted	28,891	168,082	431,357	467,106	882,182	797,289	511,288	752,787	1,072,274	1,476,350
Unrestricted	(58,029)	88,024	228,722	430,908	192,580	3,643	183,078	165,515	140,993	122,684
Total Governmental Activities Net Position	\$ 72,462	\$ 354,341	\$ 745,328	\$ 1,100,190	\$ 1,229,765	\$ 1,580,829	\$ 1,622,352	\$ 1,898,823	\$ 2,373,543	\$ 2,730,551
Business-Type Activities										
Invested in capital assets, net of related debt	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Restricted	0	0	0	0	0	0	0	0	0	0
Unrestricted	0	0	0	0	0	0	0	0	0	0
Total Business-Type Activities Net Position	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
District Wide										
Invested in capital assets, net of related debt	\$ 101,600	\$ 98,235	\$ 85,249	\$ 202,176	\$ 155,003	\$ 779,897	\$ 928,016	\$ 980,521	\$ 1,160,276	\$ 1,131,517
Restricted	28,891	168,082	431,357	467,106	882,182	797,289	511,288	752,787	1,072,274	1,476,350
Unrestricted	(58,029)	88,024	228,722	430,908	192,580	3,643	183,078	165,515	140,993	122,684
Total District Net Position	\$ 72,462	\$ 354,341	\$ 745,328	\$ 1,100,190	\$ 1,229,765	\$ 1,580,829	\$ 1,622,352	\$ 1,898,823	\$ 2,373,543	\$ 2,730,551

Source: Borough of Avon-by-the-Sea School District Financial Records

AVON-BY-THESEA SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)

UNAUDITED

	Fiscal Year Ending June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 1,086,161	\$ 1,102,232	\$ 1,221,806	\$ 1,257,142	\$ 1,138,985	\$ 1,179,248	\$ 1,203,417	\$ 1,248,911	\$ 1,267,002	\$ 1,410,255
Special Education	74,083	91,959	101,841	133,112	242,915	235,809	212,103	177,370	102,934	0
Other Special Education	101,617	46,287	50,349	66,798	54,670	58,384	0	0	0	0
Vocational	0	0	0	0	0	0	0	0	0	0
Other Instruction	79,343	23,386	48,190	39,658	28,351	52,896	58,803	77,682	111,499	100,780
Nonpublic School Programs	0	0	0	0	0	0	0	0	0	0
Adult/Continuing Education Programs	0	0	0	0	0	0	0	0	0	0
Support Services:										
Tuition	639,264	754,784	946,006	1,001,864	907,952	748,713	777,896	914,687	851,445	722,083
Student & Instruction Related Services	183,389	209,328	287,101	281,191	281,191	349,548	406,647	510,006	605,251	589,807
School Administrative Services	82,892	72,613	1,850	8,682	5,800	74,322	74,322	125,796	38,475	24,422
General and Business Administrative Services	276,641	153,429	258,102	278,965	305,360	274,337	249,803	148,247	190,889	215,601
Plant Operations and Maintenance	118,716	137,433	151,737	175,044	238,610	246,527	238,063	221,999	228,575	238,117
Pupil Transportation	192,452	180,871	183,557	188,910	179,770	168,851	156,089	143,806	129,225	132,273
Business and Other Support Services	0	0	0	0	0	0	0	0	0	0
Special Schools	0	0	0	0	0	0	0	0	0	0
Charter Schools	0	0	0	0	0	0	0	0	0	0
Interest on long-term debt	0	102,279	305,576	300,085	294,700	289,104	283,226	276,891	270,548	263,579
Unallocated Depreciation	6,852	10,506	18,451	22,344	23,863	33,205	33,205	23,867	174,817	174,817
Unallocated Amortization	0	2,261	2,261	2,261	2,261	2,261	2,261	2,261	0	0
Total Governmental Activities Expenses	2,841,391	2,885,067	3,576,628	3,756,256	3,763,406	3,650,138	3,685,835	3,871,633	3,854,760	3,871,934
Business-type Activities										
Food Service	37,721	44,181	35,714	22,843	36,952	34,397	32,367	29,771	27,246	27,542
Child Care	0	0	0	0	0	0	0	0	0	0
Total Business-Type Activities Expense	37,721	44,181	35,714	22,843	36,952	34,397	32,367	29,771	27,246	27,542
Total District Expenses	\$ 2,879,112	\$ 2,929,248	\$ 3,612,343	\$ 3,779,099	\$ 3,800,360	\$ 3,684,535	\$ 3,718,202	\$ 3,901,404	\$ 3,882,006	\$ 3,899,576
Program Revenues										
Governmental Activities										
Charges for Services										
Instruction (tuition)	\$ 22,075	\$ 35,042	\$ 61,405	\$ 61,686	\$ 73,548	\$ 55,511	\$ 76,686	\$ 83,088	\$ 142,255	\$ 115,675
Pupil Transportation	0	0	5,475	5,633	5,809	14,499	14,400	19,600	7,782	2,594
Business and Other Support Services	0	0	0	0	0	0	0	0	0	0
Operating Grants and Contributions	61,015	0	0	0	0	0	0	0	0	0
Capital Grants and Contributions	0	0	0	0	0	0	0	0	0	0
Total Governmental Activities Program Revenues	83,090	35,042	66,880	67,325	79,357	70,010	91,086	112,688	150,037	118,269
Business-type Activities										
Charges for Services										
Food Service	12,345	12,565	12,190	6,522	19,123	15,465	12,941	9,829	6,829	7,587
Child Care	0	0	0	0	0	0	0	0	0	0
Operating Grants and Contributions	1,693	2,119	2,702	2,535	5,183	6,029	7,079	6,000	4,756	7,108
Capital Grants and Contributions	0	0	0	0	0	0	0	0	0	0
Total Business-Type Activities Program Revenues	14,038	14,684	14,892	9,057	24,306	21,494	20,020	15,829	11,585	14,693
Total District Program Revenues	97,128	49,726	81,772	76,382	103,663	91,504	111,086	128,517	161,622	132,962
Net (Expense)/Revenue	\$ (2,758,301)	\$ (2,850,025)	\$ (3,509,749)	\$ (3,688,931)	\$ (3,684,051)	\$ (3,590,128)	\$ (3,604,759)	\$ (3,758,945)	\$ (3,704,723)	\$ (3,753,665)
Governmental Activities	(23,682)	(29,497)	(20,622)	(19,786)	(12,846)	(12,903)	(12,947)	(13,942)	(15,661)	(12,949)
Business-type Activities	(2,734,619)	(2,820,528)	(3,489,127)	(3,669,145)	(3,671,200)	(3,577,231)	(3,591,812)	(3,745,003)	(3,689,062)	(3,740,714)
Total District-Wide Net Expense	\$ (2,758,301)	\$ (2,879,522)	\$ (3,530,371)	\$ (3,708,717)	\$ (3,696,897)	\$ (3,603,031)	\$ (3,617,706)	\$ (3,772,887)	\$ (3,720,384)	\$ (3,766,614)

AVON-BY-THE-SEA SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)

(Continued)

UNAUDITED

	Fiscal Year Ending June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Revenues and Other Changes in Net Position										
Governmental Activities										
Property taxes levied for general purposes, net	\$ 2,211,505	\$ 2,529,458	\$ 2,627,853	\$ 2,855,360	\$ 2,438,614	\$ 3,016,113	\$ 3,116,758	\$ 3,179,083	\$ 3,226,769	\$ 3,226,769
Taxes Levied for Debt Service	0	0	310,965	158,137	250,666	310,263	31,750	830,011	328,885	331,578
Unrestricted Grants and Contributions	456,490	500,653	612,663	852,498	613,390	639,887	500,208	577,268	614,632	549,543
Payments in Lieu of Taxes	0	0	0	0	0	0	0	0	0	0
Investment Earnings	3,313	117,364	366,331	140,727	21,569	4,252	3,185	3,963	4,948	6,220
Miscellaneous Income	8,883	13,668	4,162	9,895	2,632	13,537	6,692	12,472	19,851	8,488
Transfers	(23,821)	(29,439)	(20,729)	(13,753)	(12,609)	(12,689)	(12,309)	(13,904)	(15,643)	(12,890)
Total Governmental Activities	2,658,570	3,131,904	3,800,735	4,043,794	3,813,625	3,941,193	3,646,292	4,088,923	4,179,442	4,110,666
Business-Type Activities										
Investment earnings	61	58	93	33	40	34	38	38	18	19
Transfers	23,631	29,439	20,729	13,753	12,606	12,689	12,309	13,904	15,643	12,930
Total Business-Type Activities	23,692	29,497	20,822	13,786	12,646	12,723	12,347	13,942	15,661	12,949
Total District Wide	\$ 2,682,262	\$ 3,161,401	\$ 3,821,557	\$ 4,057,580	\$ 3,826,271	\$ 3,953,916	\$ 3,658,639	\$ 4,102,865	\$ 4,195,103	\$ 4,123,615
Change in Net Position										
Governmental Activities	\$ (101,731)	\$ 281,879	\$ 350,966	\$ 354,863	\$ 129,574	\$ 351,055	\$ 41,523	\$ 328,978	\$ 474,719	\$ 357,001
Business-Type Activities	0	0	0	0	0	0	0	0	0	0
Total District	\$ (101,731)	\$ 281,879	\$ 350,966	\$ 354,863	\$ 129,574	\$ 351,055	\$ 41,523	\$ 328,978	\$ 474,719	\$ 357,001

Source: Borough of Avon-by-the-Sea School District Financial Records

AVON-BY-SEA SCHOOL DISTRICT
CHANGES IN FUND BALANCE, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

UNAUDITED

	Fiscal Year Ending June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2013
General Fund										
Reserved	\$ 28,891	\$ 83,752	\$ 196,726	\$ 219,077	\$ 229,477	\$ 386,877	\$ 0	\$ 0	\$ 0	\$ 0
Unreserved	78,177	278,551	243,354	281,681	236,138	229,973	456,608	706,476	1,083,053	0
Restricted	0	0	0	0	0	0	0	0	0	0
Committed	0	0	0	0	0	0	0	0	0	0
Assigned	0	0	0	0	0	0	42,682	34,670	32,874	0
Unassigned	0	0	0	0	0	0	328,785	303,182	253,041	25,086
Total General Fund	\$ 107,068	\$ 362,303	\$ 440,080	\$ 500,758	\$ 465,615	\$ 616,850	\$ 485,393	\$ 1,044,328	\$ 1,354,968	\$ 1,743,982
All Other Governmental Funds										
Reserved	\$ 0	\$ 0	\$ 209,333	\$ 42,274	\$ 163,322	\$ 133,985	\$ 0	\$ 0	\$ 0	\$ 0
Unreserved	0	7,220,624	6,330,882	1,223,684	554,764	365,374	52,451	9,761	8,405	8,407
Restricted	0	0	0	0	0	0	0	0	0	0
Committed	0	0	0	0	0	0	2,000	0	0	0
Assigned	0	0	0	0	0	0	0	36,550	0	0
Unassigned	0	0	0	0	0	0	54,451	46,311	8,405	8,407
Total All Other Governmental Funds	\$ 0	\$ 7,220,624	\$ 6,540,215	\$ 1,265,958	\$ 718,086	\$ 500,359	\$ 54,451	\$ 46,311	\$ 8,405	\$ 8,407

Source: Borough of Avon-by-the-Sea School District Financial Records

AVON-BY-TH-SEA SCHOOL DISTRICT
CHANGES IN FUND BALANCE GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

UNAUDITED

	Fiscal Year Ending June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues										
Tax Levy	\$ 2,211,505	\$ 2,529,458	\$ 2,938,308	\$ 3,054,497	\$ 3,189,310	\$ 3,326,378	\$ 3,148,518	\$ 3,509,094	\$ 3,555,654	\$ 3,558,945
Tuition Charges	22,075	35,042	61,405	61,695	73,548	55,511	76,655	93,086	142,256	115,875
Interest Earnings	3,313	117,364	386,331	140,727	21,569	4,262	3,893	3,993	6,918	6,918
Miscellaneous	8,893	13,868	9,837	15,465	7,841	28,036	21,092	32,072	27,633	12,082
State Sources	472,780	463,430	565,968	807,354	556,483	549,226	433,268	491,322	546,505	504,430
Federal Sources	44,725	37,223	46,696	45,144	56,847	80,661	66,639	85,945	68,127	45,110
Total Revenue	2,763,281	3,155,385	3,988,344	4,124,873	3,905,588	4,024,072	3,749,657	4,215,515	4,345,123	4,241,864
Expenditures										
Instruction										
Regular Instruction	786,030	821,173	902,402	865,973	895,289	873,723	865,918	909,533	859,090	1,195,347
Special Education Instruction	74,063	44,918	46,707	77,803	146,979	147,946	136,222	108,922	62,808	0
Other Special Instruction	41,689	46,267	50,349	52,549	54,049	58,364	0	0	0	0
Vocational Education	0	0	0	0	0	0	0	0	0	0
Other Instruction	31,370	23,386	48,190	39,557	28,351	52,896	48,243	65,403	75,799	88,822
Nonpublic School Programs	0	0	0	0	0	0	0	0	0	0
Adult/Continuing Education Programs	0	0	0	0	0	0	0	0	0	0
Support Services:										
Tuition	639,264	754,784	946,006	1,001,864	907,952	748,713	777,896	914,687	851,445	722,083
Student & Instruction Related Services	183,893	139,137	199,487	197,080	233,956	288,099	321,066	361,081	480,736	536,078
School Administrative Services	42,460	1,800	1,650	1,800	5,600	20,285	51,060	99,533	26,995	14,800
General and Business Administrative Services	234,727	202,991	224,421	224,322	240,908	221,713	200,117	122,851	161,728	199,971
Plant Operations and Maintenance	103,297	119,891	112,627	152,638	220,913	227,109	213,371	198,472	200,497	235,415
Pupil Transportation	192,632	168,718	192,467	188,657	177,194	165,547	152,053	139,576	127,088	131,677
Employee Benefits	431,321	467,679	568,040	605,192	542,228	552,916	558,885	589,062	691,496	282,667
Special Schools	0	0	0	0	0	0	0	0	0	0
Bond Issuance Cost	0	67,825	0	0	0	0	0	0	0	0
Capital Outlay	20,090	113,545	945,329	5,456,794	595,833	291,361	224,876	20,334	91,406	54
Debt Service:										
Principal	0	0	120,000	125,000	130,000	135,000	145,000	150,000	155,000	165,000
Interest and Other Charges	0	0	306,960	301,860	296,547	291,023	285,285	273,123	272,748	256,160
Total Expenditures	2,760,337	2,972,114	4,585,236	9,329,695	4,473,007	4,074,695	3,979,882	3,988,657	4,055,748	3,538,074
Excess (Deficiency) of Revenues over (under) expenditures	(17,556)	224,271	(576,892)	(5,204,828)	(570,419)	(50,623)	(230,215)	226,858	288,377	403,790
Other Financing Sources										
Proceeds from borrowing	0	7,200,000	0	0	0	0	0	0	0	0
Proceeds from refunding	0	0	0	0	0	0	0	0	0	0
Capital Leases	15,500	81,027	0	0	0	0	0	0	0	0
Transfers In	0	112,966	358,889	133,911	18,358	1,692	589	59	95	0
Transfers Out	(23,621)	(142,435)	(379,618)	(147,685)	(30,964)	(14,561)	(12,888)	(13,963)	(15,678)	(12,930)
Total Other Financing Sources (Uses)	(8,121)	7,251,558	(20,729)	(13,754)	(12,606)	(12,869)	(12,399)	(13,904)	(15,643)	(12,930)
Net Change in Fund Balance	(25,677)	7,475,859	(597,621)	(5,218,580)	(563,025)	(63,492)	(242,594)	212,954	272,734	390,860
Debt Service as a percentage of noncapital expenditures	0%	0%	13.37%	12.53%	12.35%	12.69%	12.94%	12.12%	12.09%	12.66%

Source: Borough of Avon-by-the-Sea School District Financial Records

AVON-BY-THE-SEA SCHOOL DISTRICT
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS

UNAUDITED

Fiscal Year Ending June 30,	Interest on Investments	Tuition	Rentals-Use of Facilities	Prior Year Refunds	Transportation Fees	Other	Total
2005	\$ 3,313	\$ 22,075	\$ 600	0	0	\$ 8,283	\$ 34,271
2006	117,364	35,043	1,820	1,316	3,870	10,837	170,250
2007	366,311	61,935	2,030	55	5,475	3,905	439,710
2008	140,727	61,386	980	3,000	5,639	5,389	217,122
2009	21,685	73,548	2,264	0	10,584	5,602	113,684
2010	4,417	55,511	2,824	0	14,499	4,410	81,660
2011	2,991	76,665	2,100	0	14,400	2,999	99,156
2012	4,111	94,850	2,030	3,065	19,600	7,437	131,093
2013	4,948	142,256	1,960	4,536	7,782	13,355	174,837
2014	6,217	115,675	1,050	0	2,594	7,038	132,574
	\$ 672,085	\$ 738,944	\$ 17,658	\$ 11,973	\$ 84,443	\$ 69,256	\$ 1,594,357

AVON-BY-THE-SEA SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN YEARS

UNAUDITED

Year Ended December 31,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Tax- Exempt Property	Public Utilities	Net Valuation Taxable	Total Direct School Tax Rate	Estimated Actual (County Equalized Value)
2005	\$ 2,186,500	278,163,600	\$ -0-	-0-	19,143,500	843,400	4,946,600	\$ 305,283,600		\$ 85,743	\$ 305,369,343	0.729	\$ 646,694,924
2006	2,496,100	280,310,000	-0-	-0-	19,157,700	843,400	4,946,600	307,753,800		67,843	307,821,643	0.828	738,358,462
2007	2,746,800	283,865,500	-0-	-0-	18,678,600	843,400	4,946,600	311,080,900		55,758	311,136,658	0.955	915,107,818
2008	6,695,500	908,570,000	-0-	-0-	45,193,000	2,303,600	14,160,300	976,922,400		170,339	977,092,739	0.982	1,045,454,311
2009	7,203,100	919,740,000	-0-	-0-	45,351,300	2,303,600	8,680,900	983,308,900		167,427	983,476,327	0.326	1,050,498,106
2010	8,893,600	919,231,200	-0-	-0-	42,500,100	2,303,600	10,399,200	983,327,700		167,427	983,495,127	0.338	1,036,040,908
2011	10,117,500	921,299,500	-0-	-0-	42,180,100	2,303,600	8,680,900	984,581,600		156,960	984,738,560	0.320	1,003,913,304
2012	13,707,200	919,312,000	-0-	-0-	41,544,300	2,303,600	8,680,900	985,548,000		213,913	985,761,913	0.356	1,004,137,632
2013	15,292,000	904,021,200	-0-	-0-	41,014,500	2,303,600	8,680,900	971,312,200		0	971,312,200	0.361	1,003,919,731
2014	12,831,900	904,028,100	-0-	-0-	40,557,000	2,303,600	6,952,400	966,673,000		0	966,673,000	0.372	989,936,508

AVON-BY-THE-SEA SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN YEARS
(rate per \$100.00 of assessed valuation)

UNAUDITED

Year Ended December 31,	Avon-by-the-Sea School District Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate	General Obligation Debt Service	Total Direct	Borough of Avon-by-the-Sea	Monmouth County	
2005	0.828	0.000	0.828	0.834	0.686	2.348
2006	0.859	0.096	0.955	0.883	0.688	2.526
2007	0.921	0.061	0.982	0.911	0.767	2.660
2008 *	0.309	0.017	0.326	0.330	0.263	0.919
2009	0.108	0.230	0.338	0.342	0.266	0.946
2010	0.108	0.212	0.320	0.360	0.276	0.956
2011	0.112	0.244	0.356	0.374	0.277	1.007
2012	0.324	0.037	0.361	0.374	0.286	1.021
2013	0.335	0.037	0.366	0.374	0.293	1.033
2014	0.335	0.037	0.372	0.393	0.304	1.069

* Revaluation Year

Source: Municipal Tax Collector and School Business Administrator

AVON-BY-THE-SEA SCHOOL DISTRICT
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND FIVE YEARS AGO

UNAUDITED

Taxpayer	2014			2009		
	Taxable Assessed Value	Rank	As a Percentage of District's Net Assessed Valuation	Taxable Assessed Value	Rank	As a Percentage of District's Net Assessed Valuation
Avon Hotel Corp.	3,578,900	1	0.37%	3,603,900	2	0.42%
Individual Taxpayer #1	3,347,600	2	0.34%	3,347,600	4	0.34%
Individual Taxpayer #2	3,188,300	3	0.33%			
Individual Taxpayer #3	3,050,000	4	0.31%			
Individual Taxpayer #4	2,958,500	5	0.30%	2,958,500	8	0.30%
Individual Taxpayer #5	2,874,700	6	0.29%			
Individual Taxpayer #6	2,719,100	7	0.28%	2,719,100	10	28.00%
Individual Taxpayer #7	2,600,000	8	0.28%			
Individual Taxpayer #8	2,523,300	9	0.26%			
Individual Taxpayer #9	2,497,300	10	0.26%			
Total	<u>\$29,337,700</u>		<u>3.02%</u>	<u>\$12,629,100</u>		<u>29.06%</u>

This schedule does not provide ten years of information as GASB #44 was implemented during this fiscal year ending June 30, 2006.

Source: Municipal Tax Collector

AVON-BY-THE-SEA SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN YEARS

UNAUDITED

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Tax Levy	
2005	2,211,505.00	2,211,505.00	100.00%	-0-
2006	2,529,458.00	2,529,458.00	100.00%	-0-
2007	2,627,353.00	2,627,353.00	100.00%	-0-
2008	2,856,360.00	2,856,360.00	100.00%	-0-
2009	2,938,614.00	2,938,614.00	100.00%	-0-
2010	3,016,113.00	3,016,113.00	100.00%	-0-
2011	3,116,758.00	3,116,758.00	100.00%	-0-
2012	3,179,083.00	3,179,083.00	100.00%	-0-
2013	3,226,769.00	3,226,769.00	100.00%	-0-
2014	3,226,769.00	3,226,769.00	100.00%	-0-

Source: Borough of Avon-by-the-Sea School District records including the Certificate and Report of School Taxes (A4F form)

AVON-BY-THE-SEA SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TUPE
LAST TEN FISCAL YEARS
(dollars in thousands, except per capita)

UNAUDITED

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities			
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Total District	Percentage of Personal Income	Per Capita
2005	\$ -0-	\$ -0-	\$ 44,352	\$ -0-	\$ -0-	44,352	113.86%	\$ 50,501
2006	7,200,000	-0-	92,528	-0-	-0-	7,292,528	0.75%	54,698
2007	7,080,000	-0-	-0-	-0-	-0-	7,080,000	0.82%	58,370
2008	6,955,000	-0-	-0-	-0-	-0-	6,955,000	0.85%	59,079
2009	6,825,000	-0-	-0-	-0-	-0-	6,825,000	0.83%	56,827
2010	6,690,000	-0-	-0-	-0-	-0-	6,690,000	0.86%	57,251
2011	6,545,000	-0-	-0-	-0-	-0-	6,545,000	0.91%	59,669
2012	6,395,000	-0-	-0-	-0-	-0-	6,395,000	0.96%	61,426
2013	6,240,000	-0-	-0-	-0-	-0-	6,240,000		Not Available
2014	6,075,000	-0-	-0-	-0-	-0-	6,075,000		Not Available

AVON-BY-THE-SEA SCHOOL DISTRICT
 RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
 LAST TEN FISCAL YEARS
 (dollars in thousands, except per capita)

UNAUDITED

<u>Fiscal Year Ended June 30,</u>	<u>General Obligation Bonds</u>	<u>Deductions</u>	<u>Net General Bonded Debt Outstanding</u>	<u>Percentage of Actual Taxable Value of Property</u>	<u>Per Capita</u>
2005	0		0		50,501
2006	7,200,000		7,200,000		54,698
2007	7,080,000		7,080,000		58,370
2008	6,955,000		6,955,000		59,079
2009	6,825,000		6,825,000		56,827
2010	6,690,000		6,690,000		57,251
2011	6,545,000		6,545,000		59,669
2012	6,395,000		6,395,000		61,426
2013	6,240,000		6,240,000		Not Available
2014	6,075,000		6,075,000		Not Available

Source: Borough of Avon-by-the-Sea School District records

AVON-BY-THE-SEA SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2014

UNAUDITED

	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
<u>Governmental Unit</u>			
Debt repaid with property taxes			
Borough of Avon-by-the-Sea	\$ 8,601,039	100.000%	\$ 8,601,039
Monmouth County General Obligation Debt	441,365,106	0.902%	3,980,256
Other debt			<u> </u>
Subtotal, overlapping debt			12,581,295
Avon-by-the-Sea School District Direct Debt			<u>6,075,000</u>
Total Direct and Overlapping Debt			<u><u>\$ 18,656,295.00</u></u>

Sources:

Assessed value data used to estimate applicable percentages provided by the Monmouth County Board of Taxation; debt outstanding data provided by each governmental unit.

AVON-BY-THE-SEA SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

UNAUDITED

Legal Debt Margin Calculation for Fiscal year 2014

Equalized valuation basis	2011	\$ 1,002,935,316
	2012	988,513,541
	2013	994,687,353
		<u>2,986,136,210</u>
Average Equalized Valuation of Taxable Property		\$ 995,378,737
Debt limit (3% of average equalization value)		29,861,362
Net bonded school debt		<u>6,075,000</u>
Legal debt margin		<u>23,786,362</u>

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Debt Limit	\$ 16,903,641	\$ 19,463,061	\$ 23,881,198	\$ 27,028,479	\$ 30,154,375	\$ 31,367,197	30,951,703	30,286,054	29,939,238	29,861,362
Total net debt applicable to limit	0	7,200,000	7,080,000	6,955,000	6,825,000	6,690,000	6,545,000	6,395,000	6,240,000	6,075,000
Legal debt margin	16,903,641	12,263,061	16,801,198	20,073,479	23,329,375	24,677,197	24,406,703	23,891,054	23,699,238	23,786,362
Total net debt applicable to the limit as a percentage of debt limit	0.0%	37.0%	29.6%	25.7%	22.6%	21.3%	21.1%	21.1%	20.8%	20.3%

AVON-BY-THE-SEA SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

UNAUDITED

Year	Population	Monmouth County Personal Income (thousands of dollars)	Monmouth County Per Capita Income	Unemployment Rate
2005	2,216	30,853,859	50,501	3.30
2006	2,191	33,656,539	54,698	4.20
2007	2,182	35,786,172	58,370	3.80
2008	2,200	36,428,861	59,079	4.90
2009	2,239	35,278,503	56,827	8.10
2010	1,903	35,934,180	57,251	8.10
2011	1,903	36,823,110	59,669	8.30
2012	1,913	38,660,420	61,426	8.60
2013	1,909	Not Available	Not Available	9.40
2014	Not Available	Not Available	Not Available	Not Available

Sources:

Data regarding Unemployment Rate was given by the New Jersey Department of Labor.

Data regarding Personal Income was given by the New Jersey Department of Labor.

Data regarding Per Capita Income was given by the New Jersey Department of Labor.

Data regarding School District was given by United States Census Bureau, Census 2000.

AVON-BY-THE-SEA SCHOOL DISTRICT
PRINCIPAL EMPLOYERS
Current Year and Nine years Ago

UNAUDITED

<u>Employer</u>	<u>2014</u>			<u>2005</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>

This is not available within the community.

AVON-BY-THE-SEA SCHOOL DISTRICT
FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

UNAUDITED

Function/Program	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Instruction										
Regular	9.0	9.0	9.0	9.5	9.5	9.5	9.6	9.4	10.2	8.7
Special Education	1.7	1.7	1.7	2.8	4.5	4.4	3.7	3.7	3.8	3.4
Other Special Education										
Vocational										
Other Instruction	3.5	3.5	4.0	4.5	4.7	4.7	4.1	4.8	5.1	4.9
Nonpublic school programs										
Adult/continuing education programs										
Support Services:										
Student & instruction related services	0.7	0.7	0.7	0.7	1.1	1.5	0.9	1.4	1.4	1.4
School administrative services	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.4	1.4	1.6
General and business administrative services	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Plant operations and maintenance	1.4	1.4	1.5	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Pupil transportation	0.4	0.4	0.4	0.4	0.9	0.9	0.9	0.9	0.9	0.9
Business and other support services	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6
Special Schools										
Food Service	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Child Care										
Total	<u>20.7</u>	<u>20.7</u>	<u>21.3</u>	<u>24.0</u>	<u>26.8</u>	<u>27.1</u>	<u>25.4</u>	<u>26.8</u>	<u>27.9</u>	<u>26.1</u>

Source: Borough of Avon-by-the-Sea School District Personnel records

AVON-BY-THE-SEA SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS

UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil/Teacher Ratio		Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle				
2005	121	2,619,058	21,645	N/A	15	13:1	13:1	121.4	115.3	6.00%	94.98%
2006	132	2,842,006	21,530	-0.53%	15	15:1	16:1	132.2	124.2	7.13%	93.91%
2007	142	2,946,700	20,751	-3.62%	15	15:1	16:1	141.4	134.7	7.83%	95.26%
2008	144	3,360,901	23,340	12.47%	17	15:1	16:1	144.0	140.0	3.79%	97.22%
2009	151	3,396,780	22,495	-3.62%	19	15:1	16:1	150.0	143.0	2.10%	95.33%
2010	162	3,373,284	20,823	-7.43%	19	15:1	16:1	162.0	154.2	7.26%	95.19%
2011	164	3,324,721	20,273	-2.64%	18	17:1	18:1	161.1	154.2	0.00%	95.72%
2012	162	3,539,200	21,847	7.77%	18	17:1	18:1	155.9	150.6	-2.39%	96.60%
2013	165	3,537,502	21,439	-1.87%	18	18:1	20:1	162.5	155.2	2.96%	95.51%
2014	162	3,373,331	20,823	-2.87%	18	18:2	20:2	160.2	153.1	-1.37%	95.57%

AVON-BY-THE-SEA SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS

<u>District Building</u>	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Avon Elementary School (1904)										
Square Feet	18,393	18,393	18,393	27,393	27,393	27,393	27,393	27,393	27,393	27,393
Capacity (students)	143	143	143	143	250	250	250	250	250	250
Enrollment	121	132	140	144	151	162	164	162	165	165

Number of Schools at June 30, 2014

Elementary/Middle School = 1

Source: Borough of Avon-by-the-Sea School District records

Note: Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of additions. Enrollment is based on the annual October district count.

AVON-BY-THE-SEA SCHOOL DISTRICT
 SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
 LAST TEN FISCAL YEARS ENDING JUNE 30, 2014

UNAUDITED

UNDISTRIBUTED EXPENDITURES - REQUIRED
 MAINTENANCE FOR SCHOOL FACILITIES
 11-000-261-xxx

<u>Fiscal Year Ended June 30,</u>	<u>Avon Elementary School</u>	<u>Total</u>
2005	\$ 10,573	\$ 10,573
2006	19,117	19,117
2007	6,485	6,485
2008	5,938	5,938
2009	34,247	34,247
2010	49,302	49,302
2011	50,326	50,326
2012	56,907	56,907
2013	58,328	58,328
2014	44,908	44,908
	<u>\$ 336,131</u>	<u>\$ 336,131</u>

*School facilities as defined under EFCFA.
 (N.J.A.C. 6A:26-1.2 and N.J.A.C. 6:24-1.3)

Source: Borough of Avon-by-the-Sea School District records

AVON-BY-THE-SEA SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2014

UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - NJ School Board		
Property - Blanket Building and Contents	\$ 11,350,337,221	\$ 1,000
Extra Expense	50,000,000	1,000
Valuable Papers & Records	10,000,000	1,000
Non-Owned and Hired Business		
Auto Policy	1,000,000	1,000
Boiler and Machinery	100,000,000	1,000
Electronic Data Processing	405,000	1,000
General Liability	1,000,000	1,000
Umbrella Liability - NJ School Board	6,000,000	1,000
School District Legal Liability - NJ School Board	2,000,000	5,000
Employer Liability - NJ School Board	2,000,000	
Worker's Compensation - NJ School Board	Statutory	
Student Accident	1,000,000	
Public Employees' Faithful Performance Bond -		
Selective		
Treasurer	150,000	1,000
Public Official	2,000	500

Source: Borough of Avon-by-the-Sea School District records

SINGLE AUDIT SECTION

ALVINO & SHECHTER, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

110 Fortunato Place

Neptune, New Jersey 07753-3767

VINCENT J. ALVINO, CPA, PSA
ALLEN B. SHECHTER, CPA, RMA, PSA

Phone: (732) 922-4222
Fax: (732) 922-4533

Member

American Institute of Certified Public Accountants
New Jersey Society of Certified Public Accountants
PCPS of the AICPA Division of CPA Firms

Exhibit K-1

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Avon-By-The-Sea Board of Education
County of Monmouth, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Avon-By-The-Sea School District, in the County of Monmouth (the "District") as of and for the fiscal year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 16, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

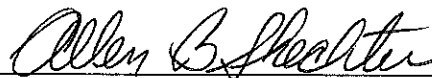
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and for New Jersey Department of Education use, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Allen B. Shechter
Licensed Public School Accountant No. 2183
Certified Public Accountant

November 16, 2014
Neptune, New Jersey

AYON-BY-THE-SEA SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
for the Fiscal Year ended June 30, 2014

SCHEDULE A
Exhibit K-3

Federal Grant/Pass-Through Grant/ Program Title	Federal CFDA Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2013			Balance at June 30, 2014							
				From	To	Accounts Receivable	Unearned Revenue	Due to Grantor	Carryover/ (Withdraw) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Accounts Receivable	Unearned Revenue	Due to Grantor
U.S. Department of Education																
Passed-through State Department of Education																
Special Revenue Fund:																
Special Education Cluster:																
	84.027	FT 018014	38,884.00	9/1/13	8/31/14					26,460.00	(38,884.00)			(12,424.00)		
	84.027	FT 018013	41,825.00	9/1/12	8/31/13	(9,053.00)	557.00			8,496.00						
	84.027	FT 018014	1,080.00	9/1/13	8/31/14					1,080.00	(1,080.00)			(1,187.00)		
	84.027	FT 018013	1,187.00	9/1/12	8/31/13	(1,187.00)	1,187.00				(1,187.00)			(1,187.00)		
Total Special Education Cluster						(10,240.00)	1,744.00			36,036.00	(41,151.00)			(13,611.00)		
No Child Left Behind Consolidated Grant:																
Title I, Part A	84.010A	NCLB 018013	15,111.00	9/1/12	8/31/13	(1,844.00)	956.00			688.00	(3,962.00)			(3,962.00)		
Title II, Part A, Improving Teacher Quality	84.367A	NCLB 018014	3,962.00	9/1/13	8/31/14						(45,113.00)			(17,573.00)		
Total Special Revenue Fund						(11,884.00)	2,700.00			36,724.00	(49,113.00)			(17,573.00)		
U.S. Department of Agriculture																
Passed-through State Department of Education																
Enterprise Fund:																
National School Lunch Program	10.555	N/A	6,935.50	7/1/13	6/30/14					6,469.68	(6,935.50)			(465.82)		
National School Lunch Program	10.555	N/A	4,642.72	7/1/12	6/30/13	(335.38)				335.38						
Total Enterprise Fund						(335.38)				6,805.06	(6,935.50)			(465.82)		
Total Federal Financial Awards						(812,219.38)	\$2,700.00			\$43,529.06	(57,068.50)			(518,038.82)		

Note: Federal Single Audit is not required

The accompanying Notes to Schedules of Expenditures of Awards and Financial Assistance are an integral part of this schedule.

AVON-BY-THE-SEA SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance
for the Fiscal Year ended June 30, 2014

State Grant/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From To	Balance at June 30, 2013		Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments/ Repayments of Prior Years' Balances	Balance at June 30, 2014		MEMO		
				Unearned Revenue (Assets Receivable)	Due to Grantor					(Accounts Receivable)	Unearned Revenue/ Interfund Payable	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education														
General Fund:														
State Aid Public Cluster:														
Security Aid	14-495-034-5120-084	16,732.00	7/1/13	6/30/14			16,732.00	(16,732.00)				*	1,672.00	16,732.00
Special Education Categorical Aid	14-495-034-5120-089	110,961.00	7/1/13	6/30/14			110,961.00	(110,961.00)				*	11,087.00	110,961.00
Supplemental Enrollment Growth Aid	14-495-034-5120-094	24,120.00	7/1/13	6/30/14			24,120.00	(24,120.00)				*	2,410.00	24,120.00
Additional Adjustment Aid	14-495-034-5120-095	1,511.00	7/1/13	6/30/14			1,511.00	(1,511.00)				*	150.00	1,511.00
Total State Aid - Public Cluster							153,324.00	(153,324.00)				*	15,319.00	153,324.00
Transportation Aid	14-495-034-5120-014	19,060.00	7/1/13	6/30/14			19,060.00	(19,060.00)				*	1,905.00	19,060.00
Extraordinary Special Education Costs Aid	14-100-034-5120-473	17,717.00	7/1/13	6/30/14				(17,717.00)				*		17,717.00
Reimbursed Special Education Costs Aid	13-100-034-5120-473	22,550.00	7/1/12	6/30/13			22,550.00	(2,305.00)				*		2,305.00
Reimbursed Nonpublic School Transportation Costs Aid	14-495-034-5120-014	1,303.08	7/1/12	6/30/13			1,303.08	(48,453.00)				*		48,453.00
Reimbursed Nonpublic School Transportation Costs Aid	13-495-034-5095-006	48,453.00	7/1/13	6/30/14			48,453.00	(79,446.00)				*		79,446.00
On Behalf TPAF Post Retirement Medical	14-495-034-5095-001	79,446.00	7/1/13	6/30/14			79,446.00	(86,953.94)				*		86,953.94
Reimbursed TPAF Social Security Contributions	14-495-034-5095-002	86,953.94	7/1/13	6/30/14			82,714.33	(86,953.94)				*		
Reimbursed TPAF Social Security Contributions	13-495-034-5095-002	87,812.08	7/1/12	6/30/13			8,867.42					*		
Total General Fund							415,717.83	(407,258.94)				*	17,224.00	407,258.94
Debt Service Fund:														
Debt Service Aid Type II	14-495-034-5120-017	99,583.00	7/1/13	6/30/14			99,583.00	(99,583.00)				*		99,583.00
State Department of Agriculture														
Enterprise Fund:														
National School Lunch Program (State Share)	14-100-010-3360-067	170.58	7/1/13	6/30/14			150.57	(170.58)			(20.01)	*		170.58
National School Lunch Program (State Share)	13-100-010-3360-067	120.53	7/1/12	6/30/13			14.55		(7.26)			*		
Total Enterprise Fund							165.12	(170.58)	(7.26)		(20.01)	*		
Total State Financial Assistance							515,465.95	(507,012.52)	(87.26)		(24,281.62)	*	17,224.00	507,012.52
Less:														
On Behalf Assistance Not Included in State Single Audit														
On Behalf TPAF Pension Contributions							(48,453.00)	48,453.00						
On Behalf TPAF Post Retirement Contr.							(79,446.00)	79,446.00						
Total State Financial Assistance Subject to State Single Audit							307,568.95	(379,113.52)						

Note: State Single Audit not required

AVON-BY-THE-SEA SCHOOL DISTRICT
Notes to the Schedules of Expenditures of Awards and Financial Assistance
June 30, 2014

NOTE 1. GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Board of Education, Avon-By-The-Sea School District. The Board of Education is defined in Note 1 to the Board basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedules of expenditures of federal awards and state financial assistance.

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which is presented using the accrual basis of accounting. These bases of accounting are described in Notes 1 to the Board's basic financial statements. The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey OMB Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3. RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to *N.J.S.A. 18A:22-44.2*. For GAAP purposes that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the last two state aid payment in the current budget year, consistent with *N.J.S.A. 18A:22-4.2*.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(2,412.00) for the general fund and \$.00 for the special revenue fund. See Note A for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	.00	404,846.94	404,846.94
Special Revenue Fund	45,113.00	.00	45,113.00
Debt Service	.00	99,583.00	99,583.00
Food Service Fund	<u>6,935.50</u>	<u>170.58</u>	<u>7,106.08</u>
Total Awards & Financial Assistance	<u>\$52,048.50</u>	<u>504,600.52</u>	<u>556,649.02</u>

AVON-BY-THE-SEA SCHOOL DISTRICT
Notes to the Schedules of Expenditures of Awards and Financial Assistance
June 30, 2014

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules agree with amounts reported in the related federal and state financial reports.

NOTE 5. OTHER INFORMATION

TPAF Social Security contributions in the amount of \$86,953.94, represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2014. The amount reported as TPAF Pension System Contributions in the amount of \$48,453.00 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$79,446.00 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2014.

NOTE 6. ADJUSTMENTS

The District had to increase prior year state accounts receivable in the Enterprise Fund for additional state aid received from the National School Lunch Program. The increase in aid received is reflected in the adjustments column on the accompanying Schedule of Expenditures of State Financial Assistance.

NOTE 7. ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT

On-behalf State Programs for TPAF Pension and Post-Retirement Medical Benefits Contributions payments are not subject to a State single audit. The Schedule of State Financial Assistance provides a reconciliation of State financial assistance reported in the District's basic financial statements and the amount subject to State single audit.

AVON-BY-THE-SEA SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2014

Part 1 - Summary of Auditor's Results

N/A

Part 2 - Financial Statement Findings

None

**Part 3 - Federal Awards and State Financial Assistance
Findings and Questioned Costs**

N/A

AVON-BY-THE-SEA SCHOOL DISTRICT
Summary Schedule of Prior Audit Findings
For the Fiscal Year Ended June 30, 2014

Status of Prior Year Findings

None